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12 July 1985

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EGYPT

STRATEGIC REASONS FOR U.S. ECONOMIC AID DISCUSSED

Cairo AL-AHALI in Arabic 15 May 85 p 5

[Article by Dr Fu'ad Mursi: "American Economic Aid--Egypt Will Return It Many Times Over"]

[Text] I was struck by a complete paragraph of a speech given by President Husni Mubarak on the 1 May holiday. The concept which it presents is a rejected concept, indeed, it is a serious error and silence concerning it is an even more serious error.

The president is speaking in defense of his visit to America and its results, particularly concerning the economic aid which America is offering to Egypt:

"The aid was increased, and all of it is a grant that need not be repaid. Who would give me \$2,315,000,000 as a grant that need not be repaid? Will you say, he is taking a grant? I am not defending America, but if you offer to help me, should I extend my hand or withdraw it from you? Good, what am I giving in return? We are moving along together on the peace process. So, what am I giving in return, what do they get from me? Nothing!"

The concept which President Mubarak offers is that America is giving to Egypt enormous economic aid in the form of a grant that need not be repaid, and that this grant demands nothing from us in return save movement in the peace process. So America is not getting anything at all from us in return.

Before this, the concept portrays the American economic aid policy as a charitable policy which the United States pursued for the sake of God. This is not only a dangerous concept and not only a serious error; it also discounts what the United States has itself stated frankly and what the Egyptian government has also itself stated frankly.

The pan-Arab press confronted us this last February 20 with large headlines announcing that Shultz was requesting an increase in aid to Egypt in order to support its role as a force for stability in the region.

These papers quoted the text of what Shultz, the American secretary of state, said, "The basic goal of U.S. policy in the Middle East region is the consolidation of peace between Israel and her Arab neighbors." Then Shultz

added: "Peace between Egypt and Israel represents a point of stability in the region and thus the aid offered to Egypt aims to keep Egypt strong enough to confront dangers, because Egypt represents a stabilizing force in the Middle East and all of Africa."

At the end of his speech, Shultz summarized what he wanted to say, noting that Egypt has affirmed its commitment to the peace treaty, so the American government is requesting increased economic and military support for Egypt.

By this, Shultz revealed, from his perspective, the reasons for offering economic and military aid to Egypt. They are: achievement of the basic goal of American policy in the region, which is consolidation of peace between Israel and its Arab neighbors. Egypt has embarked on this by way of the Camp David accords and a separate peace treaty with Israel.

Egypt constitutes, by virtue of its position as a point of stability in the region, along with Israel, a state strong enough to confront the dangers directed against America, naturally, having become a force for stability not only in the Middle East but in all of Africa.

Shultz is not unclear about his intentions for American economic aid policy for Egypt. Nor, I say, are our rulers unclear when they talk to the Americans. All of the ambiguity comes when they talk to us, we, the governed citizens, sons of the people, as if we were children, ignorant and trembling, or as if we were naive, without understanding or knowledge. This is a dangerous matter, this ruler's understanding of us. This reflects a lack of the primary principle of democratic life on their part.

I say that our rulers are perfectly clear when they speak to the Americans. The Egyptian memorandum that the government presented before the president's visit was formulated under the title "The Need for Interdependence between Egypt and the United States." Under this title, replete with meanings and suggestions, the government said about Egypt that "it is an area possessing sensitive strategic importance for the United States." This openly and without ambiguity! Then the memorandum mentioned what it called, if you will, "military and economic interdependence and cooperation during crises." And this openly and without ambiguity.

This, then, is a relationship of reciprocity. Egypt serves America while America helps Egypt. Egypt serves America politically, and serves it militarily during crises. This, then, is a completely foreign [policy] relationship, a relationship that the Americans themselves explain by their saying that the Egyptian rulers want to focus on the fact that they are "a sensitive component of our security in order to preserve our aid payment to them."

Thus Pelletreaux, Shultz's aide, stood before the Middle East subcommittee of the House Foreign Affairs Committee this past February 26 presenting a defense of increased economic aid in Egypt.

"Egypt has demonstrated its resolute commitment to the Camp David Accords and the Egyptian-Israeli peace treaty, repeatedly and continuously rejecting their cancellation as a price for returning to their appropriate position in the Arab world."

Then, he continues, "It is necessary that Egypt remain an important force for peace and stability in the region, not only the Middle East but also in Africa, where Egypt plays a vital role in helping African nations repel Libyan adventurism."

Nothing is more clear than this speech. "Politically and militarily, Egypt plays a role of serving American strategy, not just throughout the Middle East, but in all of Africa," Pelletreaux adds, for those who want more. "Our relationship of military aid with Egypt is a key to our joining together to preserve the regional balance of power and to prevent a change in favor of the revolutionary forces supported by the Soviet Union, such as Libya and Syria."

Here a third reason appears to offer aid to Egypt: the performance of a certain Arab role of standing up to "revolutionary forces" in the Arab region.

Thus, the following appeared in a secret American report: "Egypt has benefited greatly from this economic assistance. Moreover, these programs have served American interests. Egypt has remained committed to peace with Israel and to the process of consolidating peace in the Middle East and the African continent."

Have we not said for a long time that Egypt has become a moderate state, serving the interests of the Free World?

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EGYPT

MINISTER OF ECONOMY INTERVIEWED ON LONG-RANGE POLICY

Riyadh AL-RIYAD in Arabic 1 Jun 85 p 22

/Interview with Sultan Abu 'Ali by Mursi al-Adham in Cairo: "Egyptian Measures for Facing Economic Changes; Former Minister's Measures Were Not in the Interest of the Egyptian Economy and Have Hurt Factories and Production Capabilities"; date not specified/

[Text] Dr Sultan Abu 'Ali, Egyptian minister of economy and foreign trade, professor and head of the economics department at the Business College /of Cairo University/ and head of the Investment Agency, came to the cabinet after months of disarray in the Egyptian economy and fierce battles between the former minister of economy, Dr al-Sa'id, and the Socialist Prosecutor's office and the opposition as well as a conflict between Prime Minister Kamal Hasan 'Ali and him, which put the government in a very bad light.

We dealt with all these events in the pages of AL-RIYAD on 2 Sha'ban. Today, we go to the new minister who had nothing to do with what happened and has indeed come to clear up this mess and disarray.

Minister Sultan Abu 'Ali is very calm and has a scientific and balanced mind. Notwithstanding the difficult and loaded questions we asked him, and although AL-RIYAD tried to provoke him, he nonetheless kept his cool and balanced judgment at all times.

Although he is the newest minister in the Egyptian cabinet and indeed the one closest to the heart and mind of President Mubarak who took him along on all his foreign trips--even before he joined the cabinet--including his trips to the U.S. and Turkey, and despite the fact that we tried to hold a "press trial," he was not affected at all.

In this first interview, he gave candid answers to all our questions, beginning with the disarray experienced by the Egyptian economy--before he assumed office--and ending with the 5 January resolutions and their shortcomings, the 6 April resolutions, the mistakes of his predecessor, Mustafa al-Sa'id, and the way to a stable economic policy to avoid a repetition of past events. The interview then dealt with Egyptian labor in Arab countries and how he planned to deal with related problems and also with regulating the money exchange business. He stated that he was studying the preparation of a bill regulating this business.

We had questions about the independence of the Central Bank, whose lack of adequate autonomy aggravated the crisis during the former minister's tenure.

In our interview with the minister, we did not omit anything. We even touched upon the rationalization committees, import and export issues, remittances from Egyptians working abroad, ways to restore confidence in the Egyptian economy, ways to provide the proper Egyptian economic atmosphere to attract Arab capital for investment in Egypt and ways to eliminate the bureaucracy and red tape which hamper and discourage Arab investment in Egypt.

We did not forget the Arabs' great dream of realizing an Arab common market, which is a sound beginning for unity, so we raised this question as well in our interview with the Egyptian minister of economy. To our charge he then replied calmly and candidly that he announced before the Egyptian parliament that the value of the dollar would not go higher than 140 piasters and yet it hit 148 piasters.

In reply to a question by AL-RIYAD, he stated that he had been a member of the Egyptian Businessmen's Association for 3 years but that he had no economic or commercial interests as did the former minister. He added that he would drop all such activities after his appointment to the cabinet because people in public positions should not use their influence and power for personal gain.

Minister Sultan Abu 'Ali is now the focus of attention in Egypt and is being watched by the world to see what he is going to do for or with the Egyptian economy.

Even if one disagrees with him, one cannot but respect his composure, candor and great simplicity. This is a comprehensive interview about the worries, difficulties and the future of the Egyptian economy.

Question / Concerning the disarray that befell the Egyptian economy during the past period, some claim that the "forces" who stood to lose by the 5 January resolutions are the ones who pressured for their revocation and that these forces are concentrated among the big businessmen and parvenus who emerged during the al-Sadat era. How do you reply to that? Also, how do you assess the situation of the Egyptian economy during this difficult period when the 5 January resolutions were issued and tensions intensified, leading to the departure of Minister al-Sa'id and your revocation of all his resolutions?

Answer / First, I disagree with you on the term "disarray" because there was no disarray. However, economic affairs ought to be viewed realistically. As to what happened before January, as you know, the world was suffering from economic problems in Europe and in many developing countries.

We are not removed from what goes on in the world. Consequently, there have been some negative effects on the Egyptian economy, particularly in the matter of the country's revenues from free currencies. This began last October or shortly before that and the country's revenues from the free currencies were negatively affected.

First, as a result of the world recession, international trade activities dropped or did not grow at the anticipated rate. Consequently, traffic in the Suez Canal was affected and so were the proceeds from the canal.

Second, you know that a substantial part of the free currency proceeds came from oil. As you know, oil prices have dropped from about \$40 to \$25 a barrel, thus affecting the country's income from free currencies.

Third, one of the country's free currency sources is remittances from Egyptians working abroad, mainly in the fraternal Arab countries--the Gulf states. The well-known economic conditions in this area have affected the incomes of Egyptians working abroad and, consequently, their remittances due to lower incomes.

This is on the one hand. On the other hand, we find that import and export activities in Egypt have grown at very high rates. Our imports have grown to over \$9 billion a year. So if our proceeds have suffered in the way I have just described at a time when imports are growing at a high rate, no country can survive such circumstances. Conditions and changes, be they international, Arab or domestic, must be adjusted whereby the economic policy can be run in the public's interest.

This prompted much thought, among other things, about the issue of foreign currency proceeds falling short of the money spent on imports. What I mean is that there is more demand for free currencies so the rate has to go up.

This situation cannot be ignored by the economic administration. So what can be done?

As of October 1984, contemplation about the kind of measures to be adopted in order to face this problem began.

Therefore, I say there is no disarray but rather steps to face the economic changes because, as you know, we must differentiate among three things:

1. Economic philosophy,
2. Economic policy and
3. Economic measures.

With regard to economic policy and economic philosophy, which are tied to policy, they are constant and undergo no changes, or "changes in directions." As for economic measures, however, any country which wishes to keep up with change must adopt measures that help it face any new events or else it will lag behind. Consequently, such events must be brought to an end, hence study and research are done on prevailing conditions:

- a decrease in currency
- an increase in imports

Consequently, this was reflected in the foreign currency rates. If this matter is allowed to persist, it will lead to inflation. We import over 35 percent of

Egypt's national product so steps have to be taken to put a stop to that. What can be done?

Research and studies show that the only way is to limit demand and enhance the foreign currency supply.

Demand is limited via the rationalization of imports and a greater supply is achieved by having realistic rates to attract resources.

This policy can succeed if we handle rationalization in a way that will not affect production capabilities in the sense that essential production requirements for factories and production units must be allowed in to ensure operation. We can limit the import of nonessential commodities and luxury items, thereby avoiding a negative effect on the economy.

On the other hand, the rate set for the dollar must be realistic and uniform in order to achieve this goal, hence the agreement on the existing measures.

Its application is similar to the situation in which a person goes to a doctor for a medical problem. The doctor examines the patient and diagnoses the ailment as the "intestine." Another doctor says it is the "liver" and a third is positive it is the "stomach." The important thing is to agree on a decision and begin treatment.

The treatment may be right on target and yields good results or the diagnosis may be off so the prescribed medicine does no good. Consequently, a reexamination should be undertaken, but such a reexamination does not mean the doctor misdiagnosed or mistreated the problem.

However, because things are not absolutely certain and clear, we must employ our minds and scientific knowledge as much as possible. If we hit the mark, we can go on with our prescribed measures, but if we do not and therefore some negative features manifest themselves, then we must reexamine our procedures.

Moreover, it is difficult to reach a consensus on economic matters because the same economist may have two conflicting ideas going on in his head at once, for economics is not an exact and disciplined science. It is like a meteorologist who makes weather forecasts and then the opposite happens. Why? Because science has not attained a level of accuracy that allows a cut and dry remedy from the first time.

Therefore, these are the measures that were agreed upon from the outset and implemented. Experience revealed, however, that the adopted measures were not in the interest of the economy in that:

- The rationalization measures became too severe and letters of credit could not be arranged in Egyptian currency.
- Factories and production capabilities were negatively affected.
- Some demands for free currencies such as old business debts could not be met through the banks.

/Question/ Our information says that they reached \$3 billion. How true is this figure?

/Answer/ Yes, they are about \$3 billion. Also, the monetary budget had a deficit of about \$2.5 billion. The failure of the bank to manage these matters opened the door to another currency rate.

Thus, it became clear that these measures did not yield the desired results to remedy the situation, so they had to be changed. They have indeed been changed in a way that allows us to face the existing circumstances and keep the factories and production capacities going. Those who have free currency sources can use them from their private accounts to finance production requirements and import machinery, as was the case before January.

Moreover, the chamber that sets the rate can be more realistic in setting the existing rate.

/Question/ Does this mean that you do not believe in rationalizing imports?

/Answer/ Naturally, there are many aspects to this. This does not mean that we do not believe in rationalizing imports. This kind of rationalization is a duty, especially under the circumstances now prevailing all over the world. However, it must be done in such a way as not to impede production capabilities. It was impossible to wait any longer for factories to be closed and a disaster to happen. We just could not wait.

Rationalization was inevitable. We know that there have been many complaints against the rationalization committees. There are studies under way to draw up a system for rationalizing imports whereby administrative complications can be avoided while at the same time supporting national industry and providing production requirements without negatively affecting the balance of payments.

These things are under study at present.

#### Inflammation of the Egyptian Economy

/Question/ There are several rates for the dollar in Egypt: a market rate and a rate set by the Central Bank's exchange rate committee. What are the reasons which led to this and how will you overcome this problem?

/Answer/ The deviation of a set currency rate, or other rates, from the market rate is a natural phenomenon when the rate is administratively set. This rate, as you know from the principles of economics, is not the target price, so there will be a market or a second rate which is actually the case.

We believe that the committee rate, or the chamber rate, is reasonable in light of existing circumstances although we know that the market rate is higher than that due to unnatural circumstances I call "inflammation." For example, back in October 1984, the free market rate--the average--was 126 piasters to the dollar. Due to the events that occurred in November, the average rate of the dollar went up to 136 piasters, or a 10-piaster jump in 1 month. This is an unnatural increase.

Thus, we hope that this inflammation will abate and things will calm down somewhat so as to have a single rate for the dollar. We hope, God willing, that things will return to their normal and stable state and that confidence will be restored in order to eliminate the deviation between the market rate and the rate set by the committee.

There are continuing studies in this regard to draw up arrangements that can keep up with any changes that may occur in order to encourage the arrival of free currencies through legitimate channels, as it should be.

#### Policy Is Fixed--Those Are Only Measures

Question Will the resolution you adopted on 6 April to revoke the 5 January resolutions be fixed and unchangeable economic laws which can reassure and encourage Arab capital to be invested in Egypt, or is there a possibility of changing or abandoning them?

Answer I said that these resolutions were nothing but measures. However, the economic policy is a fixed policy and we believe that the economic policy we are pursuing is an economic opening-up policy.

Question An open-door policy?

Answer Not open-door, but an economic opening up. It is a policy we have pursued ever since the seventies and has been confirmed by the president and repeatedly by the government. Perhaps it has not been clearly and adequately defined, but its components have been identified from the standpoint of promoting the private sector and investments and relying more on the forces of supply and demand and the market in setting commodity prices and various services, in raising the efficiency of the public sector and in encouraging and augmenting exports.

This policy is fixed. What has been changed are the measures to face developments. A change of measures does not mean a change of policy, and this must be made clear. Confidence in the Egyptian economy is great and we have resources and opportunities. We encourage investments, be they Egyptian, Arab or foreign.

The investment experience because of Law No 43 has heretofore yielded 1,600 projects at an investment cost of 12 billion Egyptian pounds in various agricultural, industrial and services fields.

Capital is safe and all people feel secure about their money, their freedoms and their activities. The democratic experience in Egypt reinforces that and raises the confidence of investors.

As long as the investor operates within the legal framework, we encourage and support him. Many resolutions and measures have been adopted to encourage the private sector to undertake productive investments. These are firm matters.

## Facilities for Arab Investors

Question/ How can the Egyptian economic climate be made conducive to Arab capital investments in Egypt?

Answer/ Several measures have been adopted throughout the years and we would like to add a new brick to the bricks already laid. For example, many infrastructural projects have been completed, such as the telephone system for instance. Telephone communication was a very difficult matter. International communication was nonexistent and there was no telex service to speak of. Prior to 1972, production units wishing to send out a telex had to send a representative to Beirut to make a telephone call or send a telex. Now, thank God, as you can see, telephone service is automatic to anywhere in the world.

This does not mean that we have achieved perfection. Many achievements have been realized, but we want more and more in this regard. There are plans, programs and additional domestic and international services underway.

The improvement of these services will undoubtedly provide a key factor for attracting investments.

Also in the field of public services is electric power which is basic for establishing factories. In the last 2 years, significant production capabilities have been added, including, for example, the Shubra al-Khaymah station which has three operating units generating 1,200 megawatts, an amount equal to the energy generated by the High Dam. There are other power stations underway in Alexandria, Suez and elsewhere. This will, of course, provide the necessary electric power for production projects.

Furthermore, the clear policy and investment fields which attract investments have set the priorities in which we encourage investment whereby the investor knows in advance that should he submit a project in this area, it will be accepted. These varied fields of agriculture, industry and services include, as an example, the fields of agriculture, land reclamation and cultivation and the introduction of new crops and agricultural mechanization to raise production and to construct crop silos for export and local consumption. These fields have priority in the agricultural area. In the field of industry, we encourage many industries, including construction materials, reinforced concrete, steel, automobile-related industries that produce spare parts and ready-to-wear clothing, in addition to many chemical industries.

In the field of tourism, the construction of tourist villages and other facilities is encouraged and is actually being undertaken. There is a list you can obtain from the Investment Agency showing the order of priorities in the various fields from which the investor knows where he is directly welcomed in this field.

Question/ But, Mr Minister, this is much red tape that hampers investment activities and dampens the investor's enthusiasm about investing in Egypt.

Answer In order to provide a better climate for the investment of Arab capital--which we welcome and promote--we are seeking to eliminate the red tape which bothers many people. We are aware of this and are doing our best to simplify procedures and improve the status of employees and workers in the various fields with a view to improving their relations with investors.

The Higher Investment Committee has confirmed that the Investment Agency is the only government body that deals with investors and that it is ready to obtain the necessary approvals for investment whereby the investor need only deal with one side without going from one place to another. The agency takes care of all transactions without delay or complications.

Question Does this mean that the way has been paved for Arab capital to be invested in Egypt where projects have been well-defined and the bureaucratic obstacles and red tape have been eliminated?

Answer We have been welcoming Arab capital for over a decade. You may recall that Law No 43 was called the law of Arab and foreign capital investment which we welcome. Some of the existing measures and complications are the general characteristics of developing countries and we hope to eliminate them. Based on what some of our investors have told us, I think much has been accomplished in this field.

I agree with you, however, that there are some obstacles. If all these obstacles were eliminated, we would reach the advanced industrial state we hope to attain. But we still have some problems and the important thing is to move toward eliminating these problems and creating appropriate circumstances for investors to enter in full force the production fields.

#### Road to the Arab Common Market

Question The Egyptian economy is firmly linked to the Arab economy, thus the call for an Arab common economic market. How can this desire be fulfilled in the near future?

Answer There is no doubt that the realization of Arab economic integration and of more cooperation among the Arab countries in the economic field is a vital and necessary undertaking, particularly in view of the fact that we live in a world marked by large blocs whereby we can better exploit available Arab resources and capabilities.

There must be effective cooperation. Perhaps the positive steps that must be taken in this regard are represented in establishing various joint ventures. Some joint ventures, such as the oil pipelines and pharmaceutical companies, have already been created, but we hope to have more of them. We also hope to adjust the economic structures with a view to increasing cooperation and trade exchanges among the Arab countries.

As you know, there have been many attempts since the fifties within the framework of the Arab League. There is a law for establishing an Arab common market but, unfortunately, not much has been done in this regard.

I believe that the format of joint ventures and the realization of increased production needed by more than one Arab country, coupled with an influx of Arab capital, expertise, labor and other resources from more than one country, can lead to more interaction and trade exchanges.

#### Hardship for Arab Investor

Question Another point related to encouraging Arab investment in Egypt: while a French citizen has the right to own real estate in England or any other European country, for instance, we find that the Arab citizen does not enjoy the same right in Arab countries.

Answer No, this is not permitted. Those who have projects here can own an apartment with the approval of the cabinet.

Question Do you not think that it is "difficult" to obtain the approval of the cabinet in this simple matter?

Answer Approval is usually granted without any problem to those who have investment projects here.

Question You stated before the People's Assembly that the dollar rate would not go above 140 piasters in the free market and yet it has reached the 148 level. On what basis did you decide that the dollar rate would not exceed 140 piasters, and what made the probabilities on which you based this decision to change?

Answer I would like to correct what you have just said. What I said in the People's Assembly was in reply to the question about the effect of the 6 April resolutions on the rate levels. I said that the measures applied under the January resolutions led, from the practical standpoint, to a rate of 166 piasters per dollar for importers because these resolutions stipulated that letters of credit should be opened in Egyptian currency.

This is fine if banks are able to provide the necessary foreign currencies.

What happened, however, was that the banks were unable to provide the foreign currencies, so the January resolutions were amended to allow the importer to find foreign currencies to sell to the bank, then repurchase them with open letters of credit. The practical enforcement of the January resolutions showed that the cost of the dollar to the importer was about 166 piasters, computed as follows:

The importer bought currency from the market. Letters of credit were raised by 33 percent. The rate was about 144 piasters to the dollar, so he bought 133 percent of the value of the letter of credit and resold it to the bank at the prevailing rate of 124 piasters.

He repurchased from the bank 100 percent of the letter of credit's value at the rate of 126 piasters, so the \$33 purchased at 143 piasters were sold at 124 piasters, a difference of 17 piasters, and the 100 that were repurchased were

sold at 124 piasters and repurchased at 126 piasters, thus paying 2 more piasters which, when added to 17, makes 19 plus 144, which are equal to 163 piasters, which are the rate of the dollar.

Furthermore, the amount accrued interest and expenses for 1 or 2 months, so the cost of the dollar went up to about 166 piasters. The measures established by the 6 April resolutions cost the importer only what he paid to get the currency, which at the time was 142 piasters per dollar.

I did not say that the cost would not go beyond that level. It would not go up with regard to the import costs at that time. Consequently, the reply to the question of whether the 6 April resolutions, as opposed to the 5 January resolutions, would lead to higher prices for imported commodities, is that under the 5 January resolutions the dollar cost 166 piasters while under the 6 April measures it was 144 piasters. This means that its direct effect is a lower price.

However, what I said did not apply to market rates. I did not deal with that.

Question There are many reasons prompting the oil-producing countries to lay off much foreign labor. Will the laying off of some Egyptian workers affect Egypt's foreign currency proceeds?

Answer This is a possibility. The situation must be constantly evaluated and assessed and various projections drawn up. We are monitoring the situation.

Perhaps some Egyptians working abroad have returned, thus precipitating an adverse effect on remittances. This is what prompted the notion, as I have already mentioned, to rationalize imports to conform with currency sources. And since the dynamics of life require that developments must always be faced, this has already been factored in; it requires more reliance on local production instead of imports.

There is no doubt that the return of some Egyptians working abroad has some advantages with regard to the Egyptian economy because it augments the labor force. In some areas where some workers returned from abroad, the daily wage dropped 1 or 2 pounds. This has a positive effect because lower wages mean lower production costs and therefore a more reasonable cost of living and more moderate prices.

Add this to the fact that these workers contribute to the production process, thus raising the quality and quantity of production, something that benefits the Egyptian economy.

Nothing in the world is all bad or all good. Man's genius and creative powers help him to cope. Necessity is the mother of invention.

When they return, they have to work and be active. Craftsmen will set up workshops and there will be more agricultural workers, thus enhancing local production. Consequently, if there is a shortage of foreign currencies, there has to be a rationalization of imports which can be compensated for by higher

local production. We hope to increase local production and increase exports as well.

**Money Exchange Business Under Study!**

**Question** Currency dealers dominate the monetary market in Egypt, thus triggering many of the issues taken up recently by the Values Court and the Socialist Prosecutor. We have read that you are now thinking of regulating the money exchange business and are drafting a bill in this regard, and that the Values Court came out with a similar recommendation. What steps have been taken so far in this regard?

**Answer** The subject of the money exchange business is under study right now. The currency dealer is a middleman between the currency sources and the currency's utilization. We would like this matter to have secure channels in order to protect the hard-earned monies of Egyptian citizens. The government's responsibility is to provide confidence and trust.

We are studying this situation to create measures that will achieve this goal.

One alternative presented in the study is to have a stable and legal money exchange system because the currency exchange dealer is a middleman providing the same services as a retailer, as opposed to the wholesaler, which is the bank, whereby the customers are guaranteed liquidity, security and peace of mind.

This has been under study. There are other ideas contending that the banks are able to undertake this role and there is no need for a money exchange system, especially since banks can be found everywhere.

**Question** The question here is that the free currency rate given by the banks is much lower than the free market rate.

**Answer** We are aiming to have a single rate for all transactions in which case we will not have the existing difference. Banks can also help in this.

There are two alternatives and there are others under study. The main objective is to create channels which can safeguard the money of Egyptians working abroad because their hard-earned money must be secure.

**Question** To what degree will the Central Bank be independent, based on rumors that it will be granted autonomy? Will it, for example, be independent of the Ministry of Economy so that it may oversee the banking community and have the right to oppose government instructions regarding the issuance of paper money? Also, some have put forth the idea of making the bank independent of the Ministry of Economy and putting it under the jurisdiction of the prime minister. This raises the question of whether the Central Bank's subordination to the prime minister will give it enough independence. Or are you discussing the possibility of giving it the same status as the Central Accounting Office whereby it will be under the jurisdiction of the People's Assembly and its board members will be appointed for life? Thus, you can see

that the bank will get its full independence, which will give it direct freedom and adequate supervision of economic activities.

Answer/ The Central Bank is independent. The most important guarantee of its independence is that the governor cannot be removed. The law guarantees its governor independence because he cannot be removed. There is a difference between the accounting office and the Central Bank. The accounting office is a watchdog agency, but the Central Bank, in addition to its watchdog duties, has an executive role which entrusts it with the implementation of the government's monetary policy, thus making it part of the government's executive body.

It is not under the jurisdiction of the Ministry of Economy. Independence is there and the government sets the economic policy in addition to the other policies. The economic policy is made up of several parts, as you know. Perhaps the most important of these are the monetary policy, the fiscal policy and the trade policy.

The fiscal policy, which deals with the state's general budget, is set and run by the Ministry of Finance. As for the monetary and trade policies, they are within the bailiwick of the Ministry of Economy.

Thus, there has to be effective cooperation between the Ministry of Economy and the Central Bank, for monetary policy is set by the ministry and implemented and supervised by the Central Bank, hence the close relationship between them. This does not mean that the Central Bank is under the Ministry of Economy. Not at all. There is, however, close and effective cooperation between the two.

I think this is a matter that must be maintained because it leads to an effective and orderly economic policy.

The government in general, whether represented by the Ministry of Finance or the Ministry of Economy, maintains close and firm cooperation and understanding with the minister. This leads to perfect coordination of economic policy.

What led you to ask this question may be an impression from the past period, but we hope that this will be an extraneous matter with no influence on the economy.

Question/ With regard to import rationalization committees, some commodities have been taken out of the jurisdiction of these committees. In other words, no imports have been banned. Do you intend to ban the importation of certain luxury items, or will your policy be to raise the customs duties on such items?

Answer/ The matter of rationalization must be viewed from a wider perspective in that there are many considerations that have to be realized, objectives related to the general budget and revenues that must be considered. As you know, customs duties on imports comprise a substantial percentage of the budget's source of revenues, so it naturally follows that a strict ban on imports will have an adverse effect on state revenues.

Our economic policy has another objective related to the balance of payments. We know that the balance of payments has a deficit which can be remedied, not necessarily by limiting imports but rather by having more exports than imports, thus narrowing the gap in the balance of payments.

The third objective is the rising national industry which must be protected in the sense that it will not be able to compete directly with the production industries in the industrially advanced countries. It must be guaranteed reasonable protection.

12502  
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EGYPT

FUNDAMENTALIST SCHOLAR DISCUSSES ISLAMIC GOVERNMENT

Cairo AL-SHA'B in Arabic 21 May 85 p 3

Interview with Khalid Muhammad Khalid by Ahmad al-Suyufi in Cairo: "Islam Is Religion and State, Truth and Power, Culture and Civilization and Worship and Politics"; date not specified

Text Mr Khalid Muhammad Khalid is a noncontroversial personality among Islamicists, government officials and secularists alike. One senior secularist said that Mr Khalid is an enlightened Islamicist and we agree with that. Hence, the importance of this interview with him to review the ugly face of the secular phenomenon embodied in the separation of church and state. We also review with him the book, "Before the Downfall," and other matters such as religious government, Islamic government and the dilemma in which he found himself regarding his book, "From Here We Begin," the same dilemma in which the author of "Before the Downfall" found himself as well.

It was around these issues that we had this interesting and exciting dialogue with Khalid Muhammad Khalid.

Question First, we would like to know the truth about the claim that Islam is a religion and a state.

Answer The truth is that the claim is very accurate both theoretically and historically and in principle and application.

I can almost say that in light of the deliberate and careful study of Islam, it seems a self-evident truth!

It is known that when a "nation" is created, a unity of language, race and religion is established, a land or a "homeland" is found for this nation to live in and a "higher authority" is created to organize the affairs of this group. The state exists and the Muslim nation has had all these elements ever since it settled in the city.

There was a nation with one language, one race and one religion, the Muslim nation. This nation had a homeland in the city and the surrounding Arabian Peninsula. There was a "higher authority" represented in the Prophet, as inspired by His God and by His constant counsel with his followers about all the issues and positions not mentioned in the Revelations. This is not a

truth acclaimed by Muslims alone out of fanaticism but has been declared as well by orientalists and European intellectuals out of respect for the truth and reality. Suffice it to quote the well-known orientalist, Hamilton Gibb, who said: "After the Hijrah, a self-contained society was set up in the city regulated by political rules under the leadership of one president. The Prophet's firm idea about this new religious society was that it was going to be organized politically, without a separate religious body and incorporated under a secular government."

### Islam and Socialism

Question Where does secularism fit in Islam?

Answer First, I would like to say that regardless of the many philosophical and scientific definitions of secularism, it has a political and, I can almost say, historical concept which cannot be ignored or discounted. It is the concept of the separation of church and state.

Secularism emerged in this guise and concept with the European Renaissance which constructed its edifice on the ruins of despotic and decayed church rule during the Middle Ages in Europe. This definition, or this political concept of secularism, has survived to this day, for example, when the Indian constitution, which was declared right after India's independence, stipulates that India is a secular state. It, the Indian constitution, did not refer to the philosophical meaning of this work or this definition but meant that religion in this society was completely separated from the state. Each one, religion and state alike, had its arena and its theatre.

To answer your question, I say secularism in this sense is rejected by Islam in favor of Islam and in its nature, truth, system and application is not a religion of hermitages, monasteries or prayer niches. It is a profound and universal prophecy covering, first with its revelation and second with its rich jurisprudence, all the main problems of everyday life, thus rendering secularism totally alien to every Islamic society. Through its rejection of secularism, Islam must not be interpreted as an ecclesiastical religion closed within itself and chauvinistic about its identity but rather a religion which is fully aware of its powers and capabilities which have in fact enabled it to advance humanity and improve the quality of life.

Question There is much talk in Egypt nowadays about the call for secularism. How do you explain this phenomenon?

Answer If the intended secularism means the respect and pursuance of learning, then Islam is the religion of learning. If the intended secularism means respect for the contemporary and keeping up with civilization, then Islam is the religion of the contemporary and of civilization. We ought to be a little ashamed of ourselves in seeing the luminaries of European thought acknowledge that Islam and its splendid civilization were the only two pioneers of European and Western civilization!

But if secularism means separation of church and state, it is, as I have already said, unacceptable to Islam and all those who understand Islam as a religion and a state.

Question/ A book has come out calling for the separation of church and state and the separation of religion and politics. What do you think about this tendency?

Answer/ Perhaps you mean the book, "Before the Downfall," by Faraj Fudah?

Question/ Yes, I do.

Answer/ Before I answer your question, I would like to salute the author's courage in expressing himself regarding a perilous issue. I also salute the preservation of his right as a free citizen in a free country to proclaim his opinion, regardless of whether it is right or wrong. Such a position is a key factor in an Islamic upbringing.

Our Prophet says: "Let not one of you be a yes man, doing good when people do good and doing evil when people do evil; but let him make up his mind to be good if people do good and avoid their evil if they do evil." This is an honorable as much as it is a noble call on man to maintain his intellectual independence and literary courage.

Plato once said about people:

"They are crazy, if you cannot think!"

"They are fanatic if you do not want to think and

"They are slaves if you do not dare to think."

Perhaps the Prophet's words and Plato's wisdom are appropriate approaches for discussing the author of "Before the Downfall." I think Dr Faraj Fudah faced the same intellectual dilemma I did 35 years ago when, in my first book, "From Here We Begin," I called for the separation of church and state. This dilemma is represented in two weak points in my thinking a long time ago which afflict his thinking today.

#### The Dilemma

The first point is our ignorance of the difference between a "religious government" and an "Islamic government" and our being greatly influenced by what we read about the "religious government," dominated by the church and the papal authority in Europe before the Renaissance. This represented, in all its forms, means and intentions, a cursed tyranny and an unbearable hell!

A religious government means one which is run by the clergy, regardless of qualifications and experience. It draws its principles, its logic and its directions from the personal whims of those rulers who bestow upon it such a false and artificial holiness as to humble and subdue the masses.

As for the "Islamic government," it is completely different in kind and degree, for it means that the rule is managed by able people chosen by the nation freely and of its own accord, something that completely escaped the author throughout his entire book. Dr Fudah talks from beginning to end about the "religious government," saying in some places that it is run by the "clergy." Islam does not have what is called a "religious government." It has an "Islamic government" or a "national government," born out of a free choice by the people and bound to the people by the Islamic "Shura" charter which regulates all the elements of democracy as we know them today and witness them in the lands of democracy.

The second weak point in the intellectual dilemma which he faced in his book, as I faced it in 1950, is that he used some condemned and rejected positions, and sometimes crimes, of some rulers who governed under the banner of Islam as the source of his thinking.

There is a great difference between making an event or a thing the source of your thinking or the object of your thinking.

When it is the source of your thinking, it leads you on its own way, not the way of the truth. You find yourself, wittingly or unwittingly, drawn to its premises and headed toward consequences not adequately studied and considered by your intellectual independence.

But when the event or the thing is the object of your thinking, it provides your independent and unbiased thinking with all the well-considered points of view without committing you to a preconceived judgment within the iron framework of which the vision and the thought are set in motion!

Thus we see the author of "Before the Downfall" submitting to this dangerous dilemma. He takes, for example, the injustices of the Umayyad and the Abbasid caliphs as the source of judgment to condemn 14 centuries spent by Islam on earth. He says (p 41) that during these long centuries, the only way opposition was dealt with was by the sword, just as support could only be obtained by the sword. He also uses the tendencies of some preachers and ulemas as sources for his thinking and his unfair judgment of the right of Islam to be as God and His Prophet wished it to be, a religion and a state.

The strangest thing in which Dr Faraj Fudah got embroiled in his book was to take all the shortcomings and tragedies of the application of the Shari'ah in Sudan as the source of his thinking and his judgments, not the object of his thinking, as it should have been. He was extremely underhanded in his assertion (p 21) that "Imam al-Numayri did not deviate from what went on during the Islamic caliphate regimes from beginning to end." He said this while rejecting al-Numayri's amendment of Article 80 of the constitution, making the presidency absolute and not limited to a certain period of time.

He should have realized the truth about Islam's position on this "lifetime" presidency! Islam does not recognize "lifelong" fealty. The consensus of the Companions of the Prophet, the followers and the jurisprudence ulemas acclaims the nation's right to depose the ruler or the imam and to withdraw their

fealty to him should he deviate from the truth. They refer, in this, to the Prophet's saying: "If my nation saw the tyrant and did not reproach him, it loses its ability to survive."

They are also guided in the consensus by the external principle of Caliph Abu Bakr contained in his inauguration speech when he said: "Obey me as I obey God and His Prophet, and if disobey, I have no right to ask for your obedience." And Caliph 'Umar said after him: "If I obey, obey me, and if I disobey, set me straight."

If al-Numayri made the presidency for life, or if he gave himself the right, in the name of the Shari'ah, to name his successor for life, or if he prohibited the people from questioning or putting the president of the republic on trial, or if he gave himself the right to appoint the president of the People's Assembly, or if he said in his amended constitution that the judicial body is responsible, along with the president, before God, or if he restored all the powers of the supreme judicial council to his own person as president of the republic, or if he considered the revocation of fealty to the imam, in other words, him personally, high treason:

If he did all that within the scope of the Islamic Shari'ah, Dr Faraj Fudah should not have made all this the source of his thinking and his judgment that Islam is not suited to be a religion and a state. Moreover, words uttered by a group of Islamic preachers and ulemas in glorification of al-Numayri's regime must not prompt just and enlightened human beings to condemn Islam, its experience and its Shari'ah.

The author of "Before the Downfall" dealt the truth a great injustice by dwelling on the crimes committed by some caliphs and rulers throughout the long centuries, as though he wanted to convince the reader that the history of Islam is nothing but a procession of crimes.

Question The author claims in his book that Caliph Abu Bakr enacted the law of succession against the nation's will when he chose 'Umar to succeed him.

Answer This is absolutely untrue. Not one of the four caliphs assumed power against the people's will. Abu Bakr's choice of 'Umar was merely a "nomination," as 'Umar's selection of six of the Prophet's Companions to pick an imam from among them was also nothing but a "nomination."

Islamic jurisprudence experts say that the imamate "is a contract" and fealty is a prerequisite for the installation of the head of state. Therefore, a contract is always between two parties and the first party to the imamate contract is the nation.

In his book, "The Principles of Religion," al-Baghdadi says: "The great majority of the Sunnis, the Mu'tazilites and the Kharijites said that the permanence of the imamate is attained through the nation's choice." Imam Ahmad said: "Do you know who the imam is? The imam is the one unanimously chosen by the Muslims: when they all say this is the Imam."

We see that the first Caliph, Abu Bakr, was chosen, not appointed. The Prophet did not name his successor, an indication that he preserved the nation's right to select its imam.

Abu Bakr took over the caliphate when some of the Muslims in al-Saqifah declared fealty to him, followed the next day by the rest of the people there, then by all the other people everywhere.

Imam Ibn Tumaymah, in his book, "The Course of the Sunna," said: "If 'Umar and a group of people had declared fealty to Abu Bakr, but the rest of the Companions had withheld their fealty, Abu Bakr would not have become an imam. He became an imam through the declared fealty of the multitude of the companions."

Likewise, Imam Hamid al-Ghazali, in his book, "In Reply to Mysticism," said: "Had 'Umar been the only one to declare fealty to Abu Bakr, and the rest of the Muslims remained equally divided in disagreement with no winner and no loser, the imamate would not have been formed."

Prior to that, he said: "Caliph 'Umar, in his famous speech he delivered right after his return from the pilgrimage, said: 'He who declares fealty to a man without the counsel of the Muslims, his fealty means nothing to him or to the one he chooses.'"

Al-Tabari said in his history (vol 1):

"Abu Bakr did not declare his fealty to 'Umar until after he consulted the senior Companions, who were the leading authority and enjoyed the trust of the nation, all of whom praised 'Umar. When he concluded his consultation, he came to the people saying: 'Do you accept the one I have appointed as successor? I did not spare any effort in getting counsel and I did not appoint a relative.' They said: 'We hear and we obey.'"

About the succession of 'Uthman, whom 'Umar chose from among the six before he died, Ibn Tamimah said in his book, "The Course of the Sunna":

"'Uthman did not become an imam by the choice of some people, but rather through the declared fealty of all the people. All the Muslims declared fealty to 'Uthman Ibn 'Affan without dissent.' Imam Ahmad said: "The fealty to 'Uthman was unanimous. Had 'Abd-al-Rahman Ibn 'Awf declared fealty to him, but 'Ali and the other Companions had not, he would not have become an imam. 'Abd-al-Rahman Ibn 'Awf, who was commissioned by the other five to poll the Muslims said: 'I did not leave out any man or woman who had something to say.'"

Question / What is the ideal way to realize the Islamic principle of the nation's right to select its leader and its president in our modern time?

Answer / The way is clear through the principle established by Islam and the appropriate practice, during the age of secrecy, which nowadays means that the people choose their rulers as well as their deputies and representatives through free modern elections.

Question/ The author of "Before the Downfall" is not satisfied with the separation of church and state but wants to separate religion from politics as well!

Answer/ This point is one of the many contradictions that permeate the book. In his book he admits that religion is the conscience of society and in light of such an admission, how can one stop this conscience from having its own opinions and visions regarding the society's most private and most urgent affairs, represented in its political resolutions and calculations? By what right can one deprive the citizen, because of his religion or Islamism, of having a say in the policy of his country and his homeland?

Moreover, Islam in particular as a religion and a worldly system, as a mission and an order, does not at all acknowledge this deviation. On the contrary, it urges Muslims to afford politics their undivided and loyal attention.

The Prophet says in his Tradition: "He who is not concerned with the fate of the Muslims is not one of them." Are the issues, positions, directions and decisions of politics not of concern to the Muslims and the citizens? Dr Faraj Fudah is very much influenced by the well-known saying: "Give to Caesar what is his and to God what is his." The axiom, if it can be called an axiom, is not recognized by Islam nor is it recognized by Christ who said it. When he uttered it, he did so in scorn and disdain for the Jewish high priests who slipped some people into the crowd to ask him if he had given the tax to Caesar in order to embroil him in a reply that would have condemned him before the Roman ruler.

#### Application of the Shari'ah

Question/ The author says in his book that the Islamic Shari'ah cannot be applied because it will open the door to a religious government ruling by divine right and to the rule of the clergy which will lead to sectarian discord. What is your opinion?

Answer/ Islam has not known, neither in its Koran nor in its Sunna nor in the interpretations of its imams, anything called divine right! The late Pakistani scholar, al-Mawdudi, missed the truth when he advocated his theory which, unfortunately, made its way to many Islamic groups.

The system of rule in Islam has but one form, which is "counsel." This means, as I have said before, a democracy based on the premise that the nation is the source of all power and that all its rights to free choice and decision-making are regarded as necessary by Islam for the establishment of a just and sound system of rule. Perhaps I can say I made all this abundantly clear in my articles on democracy and Islam, published in AL-SHARQ AL-AWSAT newspaper and AL-MUSAWWAR magazine, which will soon be available to the reader in book form. As for his claim that the application of the Shari'ah will mean the establishment of a "religious" government ruled by the clergy, we refuted this claim at the beginning of this interview.

12502

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EGYPT

COURT RULES FREEDOM OF TRAVEL AS CONSTITUTIONAL RIGHT

Cairo AL-AHRAM in Arabic 22 May 85 p 8

[Text] A court of administrative judges in the council of state yesterday blocked a decision by the minister of the interior barring foreign travel for two citizens.

The court, headed by Dr. 'Abd-al-Mun'im Jabrah with 'Abd-al-'Aziz 'Amir as secretary, decided that the reasons offered as justification to bar the travel do not bear upon the specific nature of the citizens' actions and do not constitute a threat to national security, either domestic or foreign.

The court said in its judgment that freedom of travel, including travel abroad, is a constitutional right which may not be violated and which has no limit. This constitutional right may not be curtailed except for the welfare and protection of society. The claims of the Interior Ministry are not sufficient reason to violate the constitutional rights of the two defendants to pursue a livelihood.

12780  
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EGYPT

IMPORTANCE OF RELIGIOUS VALUES AFFIRMED

Cairo AL-AKHBAR in Arabic 2 May 85 p 16

[Commentary by Mustafa Amin]

[Text] I derive patience and perseverance from my faith. This faith gives me strength when I feel weak. It reinforces my determination when I am near giving up. It guides me back to the right way if I lose my direction. Because of it, I was able to withstand many hardships and escape numerous perils. Whenever the world darkened around me. I turned to it to see the light. It is the secret of my constant optimism. Any time I felt pressured, God provided the relief. Whenever I faced a crisis, I prayed to God for help as I worked and struggled to overcome. God does not rescue the lazy persons who call for help without working and the dreamers who do not try to make their dreams come true.

I believe in God and in his messenger Muhammad. I respect all the divine religions. I pity those poor atheists whose hearts are void of faith. They live without a spine that would support them and keep them upright. I cannot imagine a rational individual idolizing a person. Those who idolize persons are no different than those who worship the Devil. I laugh at those who claim to be prophets. They invoke my sarcasm. Prophets are not self-made, they are ordained by God. I scoff more at those who fabricate holy scriptures and ask people to believe in them. I am further amazed that the imposters find simple-minded people who believe their lies. We must resist these pseudo-religious movements just as we shun apostasy. We appeal to them to become faithful so that they may escape from the stark darkness of their lives and see the light.

When we call for democracy, we call for the Shura. When we advocate human rights, we advocate what the celestial religions have taught about human dignity and integrity, love, fraternity, freedom, and the right to justice and equality. God cursed the oppressors and promised them hell for the agony and burning they cause their own people. One can not be faithful to God and be unjust because God is justice. One can not believe in God and oppress your citizens because God is mercy. I believe that the disintegration in the world today is an outcome of the lack of religion. Hearts that are void of faith are void of love and human feelings.

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The rising wave of crime throughout the world is a direct consequence of neglecting religious education in schools. We must change our attitude and approach to teaching religion in our schools so that it becomes a basic subject. At the same time we have to teach our children that religion is tolerance, not fanaticism. It is mercy, nor cruelty. It is forgiveness not vengeance. Religion is how you treat others. Piety is a life full of sympathy for the weak, assistance to the needy, and support for the oppressed.

Faith in God leads the way to a better life.

12944  
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EGYPT

CULTURAL VALUES, PERSONAL STATUS LAW LINKED

Cairo AL-AHRAM in Arabic 12 May 85 p 18

[Commentary by Ahmad Baha'-al-Din]

[Text] Since the repeal of the new personal status law and the return to the 1929 code, our women have been extremely sensitive.

Mrs 'Addalat Kamal, a teacher throughout her life, quotes the following question from the final examination for the elementary schools certificate in the al-Gizah area: "How would you alert your mother, whom you love and whose interest you care for, if you notice that she is slackening in her duty to pray?"

Mrs 'Addalat asks, "what kind of educational message is it which supposes that the child instructs the mother on virtue and religious precepts and not the reverse? Why did the questioner choose the mother as the object of the deficiency rather than a brother, a sister, or the father? Doesn't that mean that we are instilling even in the minds of children that women are inferior and more apt to be neglectful and forgetful, etc?

Mrs 'Addalat states that she had read a complaint in AL-AHRAM's "Letter to the Editor" on the same subject. The reader wrote that a student answered the question by saying, "I do not give guidance to my mother, but rather it is my mother who provides guidance to me." "Should the grading teacher - the man - give this student and "A" for this answer, as he ought to, or a failing mark, as is expected?" Mrs 'Addalat writes.

My dear lady: you are absolutely right! I do not believe that the person who wrote the examination question had all these inferences in mind. Nevertheless, I am certain that they lie in the "subconscious." The interpreters of Islamic Shari'a law have been men. And lawmakers of all types of legal codes have been men. This had been a man's world for thousands of years until the heavenly message came to deal justice to women. The world of men listened for a short time only, before they reverted to their old ways. They saw everything through a man's perspective. They chose the Koranic verses and prophet traditions which mention men's rights. They amplified them and placed them in the limelight, while leaving those which give stress women their rights and integrity in the shadow barely seen or noticed.

I wonder, how many women deputies are in the Parliament? Why have we not heard one of their voices in support or in opposition to the law?

This goes to show that not only men still have a way to go, but women too.

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JPRS-NEA-85-090  
12 July 1985

## LONG-RANGE PLANS FOR GREATER CAIRO DISCUSSED

Cairo AL-AKHBAR in Arabic 2 May 85 p 3

[Commentary by Mahmud 'Abd-al Mun'im Murad]

[Text] We are finally arriving at long-range solutions to the problems of the capital, Greater Cairo, as envisioned by the Division of Housing and Construction of the National Council for Services. The division has reviewed other nations' experiences with respect to the establishment of new capitals, such as Canberra in Australia, Brasilia in Brazil, and Islamabad in Pakistan. It also reviewed other experiments aimed at limiting concentrations in the capitals such as the establishment of eight new towns around London to absorb the increase in population or the establishment of five new cities around Paris which are linked to the capital by means of highways and rapid communication and transportation systems.

The division sees the necessity for the establishment of a new city which has the potential for being a central administrative site for the relocation of ministries, central services administrations and agencies, units of the public sector, and all other units whose sphere extends beyond the Greater Cairo region. This is on condition that Cairo remain the official capital which will encompass the presidential offices, the leading ministries, the People's Assembly, the Shura Council, diplomatic missions, and local administrative offices for Greater Cairo.

The new administrative location should be at some distance from Cairo so that building will spread from that location and connect with Cairo or become a suburb of it. Careful consideration should be given to choosing a location in a desert area far from agricultural land and capable of future expansion. It should also be linked to the other districts by means of a network of roads and adequate communication systems. This new community should offer opportunities for gainful employment and make available sufficient and adequate housing for employees of government and public sector agencies which will relocate in the new city. Land should also be provided for the construction of facilities, services and housing units which would be sold at reduced prices.

This suggestion is an alternative to the one we have espoused for many years in connection with the establishment of a new capital. Nonetheless, all evidence indicates that we should start at once, before it becomes too late, to arrive at a radical solution to the accumulated problems facing our sprawling capital, which we love dearly despite all our complaints about it.

12979  
CSO: 4504/346

EGYPT

MEASURES TO MEET DEMANDS FOR BUILDING MATERIALS INSTITUTED

Cairo AL-AKHBAR in Arabic 2 May 85 p 6

[Article by Mahmud Ghunaym: "Urgent Measures to Ensure Availability of Building Materials. Importing 3 Million Square Meters of Glass. Six Factories with 75 New Production Lines for Making Brick This Year. One Million Tons of Reinforcing Steel Arrive in Successive Shipments From Around the World"]

[Text] AL-AKHBAR has learned that Eng Muhsin Sidqi, the minister of housing and public utilities, has taken several urgent measures in order to make building materials available to meet the needs of planned projects and local consumption for the year.

Glass

Arrangements are currently under way to import, in one lot, 3 million square meters of glass, estimated to be needed for consumption, and to make it available at a fixed price and without any permits.

A decision was made by the Supreme Policies Committee to begin at once the construction of a factory in Sinai where there is an abundance of raw materials. The Ministry of Industry is currently taking measures to implement this plan.

Other measures call for expediting expansion at the Shubra Glass Company in order to increase production by 20 percent and the construction of a glass factory in 10 Ramadan City for the production of 6.5 million square meters of all types of glass needed for consumption.

Brick

Agreements have been concluded with East Germany, West Germany, Romania and Czechoslovakia for importing 6 complete factories with 75 production lines for making in excess of 2 million cement blocks which then could be doubled by increasing the work hours. These factories are to arrive and begin production during this current year.

New production lines are to be constructed in all existing and future cement factories. Quarries are to be established all governorates to offer clay to encourage those who are interested to make clay bricks.

These measures were taken following a decree issued to ban the production, transport and use of red brick beginning 11 August in order to prevent erosion and to preserve the agricultural area.

#### Reinforcing Rods

Contracts were negotiated for importing quantities of reinforcing rods expected to arrive this year in successive shipments, including 384,000 tons from Czechoslovakia, 100,000 tons from the German Democratic Republic, 100,000 tons from Yugoslavia, 70,000 from Romania, and 20,000 from Bulgaria. An agreement is to be reached with Romania for importing 200,000 tons during the second half of this year, and negotiations are under way for importing another 200,000 tons from Jordan. This is in addition to 100,000 tons supplied by the Egyptian Ministry of Defense, 30,000 tons imported from West Germany, and 6,000 tons given as a grant by Japan.

The minister observed that during the second 5-year plan, which begins in 2 years, local production will increase almost to the level where importing reinforcing rods will no longer be necessary. Local production for 1986-87 will reach 830,000 tons, of which 330,000 tons will be produced by the public sector, 100,000 tons by the al-Dukhaylah Project in Alexandria, and 400,000 tons by the investment and private sectors. Production in 1987-88 will reach 1,480,000 tons as the al-Dukhaylah Project increases its production to one half million tons. In the following year 2 million tons will be produced as the production of the public sector increases to 790,000 tons and that of al-Dukaylah to 700,000 tons.

#### Cement

Contracts are currently being negotiated for importing 4 million tons of cement, valued at 120 million pounds of which 1 million tons will arrive this year from Jordan, 800,000 tons from East Germany, 100,000 tons from Yugoslavia, 600,000 from each of the countries of Japan, Iraq and the Soviet Union.

Agreements have been reached with a number of countries around the world for building new factories and new production lines in existing factories to increase local production so it will exceed within 2 years an annual production of 15 tons, a quantity which will be sufficient for local consumption, ending the import of cement and saving \$450 million.

Muhammad 'Abd-al-Hamid, an accountant and the head of the Bureau for the Sale of Cement and Steel, stated that the bureau is now responsible for distributing allocations of reinforcing rods in accordance with instructions originating from the Ministry of Housing. He added that the responsibility of the Delta Company was restricted to distributing past allocations up to last 12 January and to analysing steel samples. (He also said that shipments of iron have begun to arrive -- 20,000 tons from Czechoslovakia and an additional 30,000 tons on the way to the port, to be followed by other shipments which will continue to arrive till the end of this year.)

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EGYPT

#### COMMENTARY ON MODERN ARAB CULTURAL VALUES

Cairo AL-AHRAM in Arabic 23 May 85 p 7

[Commentary by Salah Muntasir: "Samirah or Sana'?" ]

[Text] Who is more suited to have producers, directors and performers hurry to make a film about her, Samirah Milyan or Sana' Yusuf?

Samirah, the Moroccan, who ended her life in shame; or Sana', the Lebanese, who sealed her life with heroism?

Samirah, found naked after a night suffused with wine and stories of Abu al-Nawwas; or Sana', about whom the annals of the Arab struggle will happily preserve stories, repeating them generation after generation for all who have been beset by feelings of despair, who have lost hope in the darkness of the Arab night?

Logically, it should have been Sana'. But by the marketplace, and the dramatic stroke which so pleases our modern directors, it has necessarily come to be Samirah.

This is actually the situation.

The quarrels among the producers led to their trying to beat the others to the prize of presenting the story of Samirah. But no one, till now, has thought of Sana', the martyred fighter . . . a simple thought, to feel compassion for her by granting this honor. Is this not a shortcoming?

I remember a phrase told me by Yasir 'Arafat, when we were chatting a few weeks ago about what is occurring in the Arab world, in terms of apathy. He characterized these times as "the ruinous Arab times." Although he had in mind a political sense, certainly the phrase applies also to many other political, artistic and cultural senses.

There might be an effort by a single film producer to make a film about Sana' Yusuf, Joan of Arc of Lebanon, heroine of the sweetest tale of sacrifice and giving, beyond which there is no gift.

If the Arab League has been unsuccessful in realizing an Arab summit conference, perhaps it would be successful in joining in production of this film about Sana' Yusuf.

If not, it will be the disgrace of our generation that we write odes to Sana' and produce films about Samirah.

12780  
CSO: 4504/361

EGYPT

#### POSSIBILITY OF FUTURE WATER SHORTAGE RAISED

Cairo AL-AHRAM in Arabic 25 May 85 p 20

[Commentary by Anis Mansur]

[Text] We do not know the "battle for water," that is, the battle for river water. But Israel, Jordan and Lebanon know it--they are dying for the sake of drinking water. Although this is not obvious, it is one of the powerful factors. The water in the rivers of these countries has dried up, the salty underground water has risen and the percentage of salinity in the lakes has increased. Therefore, these countries must drink water from the sea, that is, desalinated sea water. They desalinate it, distill it and then cool it, just as Kuwait does, which previously received sweet water from Iraq, to which it adds water which it took from the sea.

In Egypt, we find that the upper floors are not reached by tap water, while we see the Nile flowing before our eyes. We are now drinking well water because of the stagnation and impurity of the Nile. We call it, commercially, "mineral water." It is truly distressing that we import drinking water from Lebanon, which has not stopped fighting for 10 years, and which in 1 month consumes an amount of water from the rivers equal to the needs of half of the residents of Shubra in 1 day.

We hear and read about the drought occurring in the African countries, in Ethiopia, Sudan, Somalia and other countries. The rains have been insufficient, the ground has dried up and the crops have died.

But it is not far-fetched that the drought could happen to us. Opinion holds that the High Dam has saved us by the water stored in the lake. But it is likely that we will experience drought in coming years.

In order to counter this difficult situation, we must prepare for it by curbing water consumption, or, if we were joking, by decreasing agricultural acreage, by clearing it and letting it lie fallow or by converting it into houses. This is what we strive for, in spite of all of the laws which have been issued or will be issued.

12780  
CSO: 4540/361

EGYPT

BRIEFS

OIL EXPLORATION RESULTS--Petroleum exploration and drilling operations in the western desert have revealed the existence of strong possibilities of new oil in an area south of Matruh and Siwah. This was announced by petroleum experts during a meeting with Maj Gen Yusri al-Shami, the governor of Matruh. They confirmed that the scientific reports which have been prepared for an area in which six international oil companies have been exploring and drilling for oil point to strong possibilities of oil located to the southwest of Matruh, Umm Barakah, al-Jaffah, Abu Tunis and al-Qasrani, as well as the Siwah desert. The report indicates that after having conducted aerial and geological surveys during the past years, the companies are currently re-evaluating the sedimentary rock to select the most suitable exploratory drilling sites. [Text] [Cairo AL-AHRAM in Arabic 23 May 85 p 1] 12780

COAL, MINERAL DISCOVERIES--Gold and copper have been discovered in four areas in the middle of the eastern desert, copper has been discovered in the south of the western desert, and potassium salts have been discovered in the Gulf of Suez. Also, raw building materials have been discovered in the northern Sinai and raw gypsum in the eastern desert. An agreement will be concluded to prospect for the gold and the first public sector company for coal will be established and charged with exploration, production, processing and marketing. Another agreement has been drawn up for the exploration for and production of sulfur in the northern Sinai. Mr 'Abd-al-Hadi Qandil, the minister of petroleum, has requested preparation of legislation to change the Agency for Geological Surveying into an independent production agency with the right to establish companies in the public sector and to establish joint Egyptian-foreign companies to search for and produce minerals. Geologist Ahmad 'Abd-al-Halim, the head of the Agency for Geological Surveying, announced that the first public company for coal will begin its operations by using al-Maghara coal mine, which will be put into operation in the 3 years with an investment of 114 million pounds, including a facilitating loan of 50 million pounds sterling from Britain, to provide the needs for the coke, iron and steel installations. The head of the organization added that the agreements to be signed establishing the companies will be in accord with the regulation on shares of production between the organization and foreign partners. It will give priority to exploration for the minerals which are currently imported by local companies in order to achieve self-sufficiency. [Text] [Cairo AL-AHRAM in Arabic 25 May 85 p 1] 12780

12 July 1985

EYE DISEASE PROJECTS--The beginning of a national project to eradicate eye disease has been announced in cooperation with the American aid agency and the University of Alexandria. It will begin the first of next month if the American agency arranges the necessary financing. It has also been decided that the American aid agency will participate in developing the Memorial Eye Institute in al-Jizah which will become the largest clinic specializing in ophthalmology in the Middle East. Dr Sabri Zaki, the Minister of Health, has issued directives to begin this project immediately by compiling a comprehensive list of eye diseases and their areas of distribution, especially among school children. The minister added that preparation has been completed on an advanced center for eye surgery under the direction of the treatment organization. Treatment abroad will be limited to the technologies not yet available in Egypt. He emphasized that we have institutes and research centers specializing in eye diseases and clinics specializing in diseases of the retina and cross-eyed conditions, and that detailed diagnosis of internal eye diseases is available at all eye disease units. Dr Isma'il Kamil, the director of ophthalmology in the Ministry of Health, explained that modern equipment and instruments, such as the laser to treat detached retinas, is ample. He also explained that this year the budget has been increased for eye disease programs to renovate a number of domestic departments in cooperation with other countries, such as France, which will cooperate with the Rawd al-Faraj Hospital and supply scientific equipment and instruments. [Text] [Cairo AL-AHRAM in Arabic 23 May 85 p 8] 12780

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MAURITANIA

ARMICO AWARDED MAJOR CONTRACTS FOR COPPER MINING

Amman THE JERUSALEM STAR in English 6-12 Jun 85 p 13

[Article by Pam Dougherty]

[Text]

AMMAN — The Societe Arabe Des Mines De L'Inchiri (Samin), in which the Amman-based Arab Mining Company (ARMICO) holds a 32.5 per cent share, has awarded major contracts for its \$110 million copper mining project at Akjoujt in Mauritania.

Finland's Auto Kompo has an \$18 million contract for the construction of a concentrator; West Germany's Klockner Lurgi has a \$4 million contract for the provision of a power plant and Spie Capag of France has a \$9 million contract for the construction of a pipeline for water supply.

Armico General Director Thabet Taher told The Star that work is expected to begin in July with completion due within twenty four months.

Financing for the project has not been finalised but it is expected to come from the company's own equity with additional funding from a combination of supplier credits and loans arranged by the contractors and soft loans from possibly the Islamic Bank for Development in Saudi Arabia and the Arab Fund for Economic and Social Development in Kuwait. Details should be settled by the end of June.

The Akjoujt copper mine was originally operated by the Mauritians but it was closed in June 1978 because at the time it was uneconomic. In 1981 a decision was undertaken to re-open it and SAMIN was established. The company now has a capital of \$72 million and its shareholders are the Mauritanian government with 37.5 per cent, Armico with 32.5 per cent, the Iraqi government 12.5 per cent, the Libyan Investment Co., for the Libyan government, 10 per cent and the Saudi Arabian Investment Co., for the Saudi Arabian government, 7.5 per cent.

The mine has proven reserves of 22.1 million tonnes having 1.59 per cent copper and with an estimated annual production of 84,000 tonnes of concentrate, these reserves can run for 15 years of production. The company is also carrying out exploration work in order to prove further reserves.

There are also 13 grammes of gold per tonne in the tailings and Armico is exploring the possibilities of processing this as well.

Mr Taher says the company is confident about sales of the copper concentrate and that they have already received letters of intent from a number of potential European buyers. He says that copper prices, like those for

all raw materials have fluctuated considerably over the past couple of years and although copper prices have suffered, there has been some increase in prices recently.

The copper mine will provide about 400 jobs during the construction stage and from 600 to 700 once it starts operation at full capacity and Mr Taher believes it will provide a substantial boost to the Mauritanian economy.

The copper project will be joining another very successful Mauritanian mining project in which Armico is involved.

The Societe Nationale Industrielle Et Miniere (SNIM) was established in Mauritania in 1974 to exploit the iron ore deposits of the Khedia and Guelbs regions. Proven reserves of iron ore are 530 million tonnes, and probable reserves 980 million tonnes.

Following the implementation of the project, SNIM sold 9.4 million tonnes of iron ore in 1984, mainly to European buyers and sales for the first five months of 1985 have already reached 4 million tonnes.

Armico itself was established in 1976 with a brief to undertake technical, industrial and commercial operations relating to mining activity throughout the Arab world. Since then it has shared in 16 mining projects and industrial projects related to mineral resources in eight Arab countries.

It is now involved in three projects in Jordan, the Arab Potash Co., the Jordan Fertilizer Industry Co. and the newly established Arab Engineering Industries which is planning to implement an iron foundry near Irbid.

CSO: 4500/138

MAURITANIA

PORT DEVELOPMENT PROJECT NEARS COMPLETION

Harare THE FINANCIAL GAZETTE in English 7 Jun 85 p 26

[Text]

**HUNDREDS** of Chinese workers are beavering away on China's biggest development project in Africa, building a port for the Mauritanian capital of Nouakchott.

"This is our biggest current project in Africa and the second biggest ever on the continent after the Tazara (Tanzania-Zambia) railway. It will cost us around US\$150 million," said a Chinese official on the new pier jutting into the Atlantic Ocean.

Most of the 400 Chinese, wearing blue cotton uniforms and wickerwork crash helmets, come from Tienjin, China's third biggest city and a port near Peking.

At present Nouakchott, a desert city which has grown from 10 000 to nearly half a million inhabitants since independence from France in 1960, has only a French-built wharf which can take small cargo boats.

Work started in 1978 and the new port might be ready next year, one year ahead of schedule.

Other foreign countries were reluctant to take on the project because of anticipated engineering difficulties and the heavy cost of building a port on a coast where there is no natural harbour and the sea has a heavy swell.

The problems Chinese engineers have had driving piles into the sea and the first signs of silting show that the misgivings about the project were not just excuses.

But China, grateful for Mauritania's early recognition of the Chinese Republic when the United States was

vetoing its entry into the United Nations, took up the challenge.

The harbour is being built with an interest-free loan repayable 20 years after completion — if debt-ridden Mauritania can ever manage to pay it back.

The Chinese official showing me around the vast building site made clear this was a big financial sacrifice for a developing country like China.

"Each 12-tonne concrete tripod used to protect the pier against the swell is worth two colour television sets," he said. More than 30 000 will be needed.

He said China was reviewing its cooperation policy. In future, Peking would seek mutually beneficial cooperation and not 'one-way' affairs, he said.

The new port, with a 750-metre causeway and a 600-metre pier will be able to handle three ships of more than 10 000 tonnes at a time and Chinese ships of over 20 000 tonnes have already berthed alongside the quay.

China, highly regarded in Africa for the efficiency, hard work and spartan life of its people on cooperation projects, has also been engaged in other projects in Mauritania.

As in Dakar and Rabat, the Moroccan capital, it has built the main stadium of Nouakchott. It has also built one of the capital's two power plants and laid the pipes and pumps that bring water from 50 km away.

—Ziana-Reuter

CSO: 4500/137

ISRAEL

BRIEFS

NEW IDF APPOINTMENT IN TERRITORIES--Defense Minister Yitzhaq Rabin has appointed Colonel Efrayim Sene to the post of head of the Civilian Administration in Judaea and Samaria. The appointment will go into effect 1 July. Our military correspondent Shmu'el Tal reports that previously Efrayim Sene was the IDF commander in southern Lebanon, and it was he who consolidated the strategy according to which the army of southern Lebanon and the civilian guards currently operated. [Text] [Jerusalem Domestic Service in Hebrew 1344 GMT 16 Jun 85 TA]

FORMER WEST BANK JUDGE SENTENCED--The Ramallah military court has jailed the former president of the Judea and Samaria Supreme Court of Appeals Ghallab Hajj Malmud was sentenced to 3 years in prison and fined 60 million shekels for accepting bribes to influence court decisions. The trial was the last in a series involving judges in the territories. A district court judge was recently jailed for 2 months, and others have been tried in secret with no details being released by the military court. [Text] [Jerusalem Domestic Service in English 0400 GMT 18 Jun 85 TA]

ISRAEL CARRYING OUT PROJECTS IN PRC--Over 60 companies are currently in the process of carrying out projects in or signing contracts with the PRC. Three agricultural projects have so far been carried out with Israeli collaboration for the production of shrimp, cotton, and strawberries. Three other contracts have been signed and are currently underway. The current deals add up to \$200 million. The success of the Sino-Israeli agricultural projects have led to collaboration in other fields. Plans are currently underway for building 10 hotels and a large airport, and for solar energy projects. The importance the Chinese attach to the deals is reflected, among other things, in a document issued recently by the Chinese Government in which it authorizes two Israeli agricultural experts to enter the PRC with their Israeli passports. [Excerpt] [Report by Ya'ir Lapid] [Tel Aviv MA'ARIV in Hebrew 18 Jun 85 pp 1, 11 TA]

W. BANK POPULATION, LIFE EXPECTANCY--According to the Civilian Administration's annual report, there were 787,000 people in the West Bank at the end of 1984, which points to an annual increase of 20,000 people. In 1984, life expectancy in the West Bank was 60 years for men and 64 for women (compared with 73 years for men and 76 years for women in Israel). The report notes that in 1967 life expectancy in the West Bank was 46 years for men and 50 years for women.

Out of 154,000 workers in the West Bank in 1984, 35,000 were employed in agriculture, 25,000 in industry, 37,000 in construction, 21,000 in public services, and 36,000 in other fields. Of 50,000 who hold jobs within Israel's boundaries, some 50 percent are employed in the construction business. During 1984, 50 applications by Israeli bodies for permission to purchase land were submitted to land registration offices in Judaea and Samaria. [Text] [Report by the correspondent in the territories] [Tel Aviv HA'ARETZ in Hebrew 18 Jun 85 p 3 TA]

NEW CURRENCY LAWS REDUCE LOOPHOLE--The Bank of Israel has amended a number of currency regulations to prevent unfair advantage being taken of loopholes and of differing exchange rates, and discrimination against certain currencies. Tourists leaving Israel will now only be able to change back \$100 in shekels into foreign currency at the airport without documents. Hitherto it was permitted to change back \$500. The general permit for paying employees of Israeli companies serving abroad has been rescinded, and a special permit must now be secured in each case. For the next three months, payments may be made under the old system, but the monthly amount cannot be in excess of what was paid previously. Israeli businessmen travelling abroad will have a larger allowance, up to \$120 per day, to a ceiling of \$2,400, above the normal allowance of \$800 per traveller, but can only spend the money via international credit cards. Ownership of an international credit card is not enough to permit drawing money in this way, and the appropriate permit must be secured from the central bank. Currencies previously not recognized, such as the Greek drachma and the Turkish lira, can now be taken out by Israelis travelling abroad up to the normal permitted amount. Tourists leaving the country will now have to present receipts showing foreign currency purchases at approved banks if they want to change back more than \$100 worth of shekels. This follows complaints that tourists were making up to 30 percent profit on these exchanges. The Bank of Israel also announced yesterday that it had asked 200 companies to provide details of their operations abroad. The bank made it clear that companies failing to supply the data will not get any foreign currency authorization. This step follows suspicions that companies have been transferring large amounts of foreign currency abroad, and thus have contributed to a leak of foreign currency. [Text] [Jerusalem THE JERUSALEM POST in English 17 Jun 85 p 1 TA]

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JPRS-NEA-85-090  
12 July 1985

FIGHTING IN LEBANON CAMPS DISCUSSED

Background, Prospects

London AL-MAJALLAH in Arabic 29 May - 4 Jun 85 pp 10-11

[Article by Mustafa Zayn]

[Text] What is the background to the struggle over control of the Palestinian camps in Lebanon? What is the role of the Lebanese parties and sects? What is Syria's role in the matter? Also, why has the Palestinian fighting force become united in the face of the militias? And why has the Amal movement undertaken to liquidate the armed Palestinian presence in Lebanon independent of the rest of the Lebanese parties?

Finally, what are the regional and international dimensions to what is going on on the Palestinian scene in Lebanon?

In this report, AL-MAJALLAH tries to answer all of these questions.

The conflict that has erupted today in Beirut and in the south between the Palestinians and a Lebanese faction is not something new to the Lebanese scene; rather its history goes back to the first years when the Palestinian resistance began its military activity against the Jewish state from the south. Perhaps it goes back to long before that, to the forties of this century, when the Palestinians were forced to leave their villages and towns and head for Lebanon. The tribal and sectarian shortsightedness which gripped the Lebanese, and still does, saw the Palestinians as foreigners and strangers, despite the presence of a common enemy and a common destiny, and despite the historical relations that existed between the two peoples and which go back thousands of years. The Palestinians, according to this narrow view, belong to another sect and to other, different tribes. This narrow-mindedness is not limited to the Lebanese alone, but it is general and encompasses the Palestinians themselves and non-Palestinian Arabs. It was the mentality that prevailed within the Arab army of deliverance that went into Palestine in 1948 and which was not able to stand up to the organized Zionist troops. Because of Lebanon's delicate and sensitive sectarian structure, some of its sects believed that the presence of hundreds of thousands of Palestinians in Lebanon would strengthen the adversary's position, and the Christians believed that this strong presence would upset the sectarian balances of power in the country

and considered it to be a direct threat to the political structure of Lebanon that was based on delicate and sensitive sectarian apportionment. According to this view, the Palestinian Muslim majority would side with the Lebanese Muslims whenever fighting broke out among the Lebanese. The Lebanese Phalangist party built its political philosophy on this basis, whether with regard to the Palestinians or to all other Arabs and their problems. Therefore it was not surprising that during the civil war and before the Israeli invasion and shortly after it, there was a rapprochement between Amal and the Phalangist leadership, because both sides had a common "enemy." But that did not prevent secular Lebanese parties with Christian leaders from forming strong alliances with the Palestinian resistance as soon as it emerged, and with the Palestinian leaders before that. Palestinians have attained leadership positions in these parties that have national aspirations, but in the midst of the turbulent sectarian current, these parties continued to have a limited effect, especially since they were faced with hostility from all sects.

In spite of the well-known Palestinian activities in diverse areas, and in the economic and social fields in Lebanon and the rest of the Arab world, the Palestinian camps continued to exist on the outskirts of Lebanese cities, under miserable health and living conditions. Keeping the camps on the outskirts and isolated had been a deliberate policy disguised by the revolutionary liberation slogan which says that the Palestinians must not be absorbed into Lebanese society so that they will not forget their problems of returning to their occupied land.

Because southern Lebanon is an impoverished region, according to the prevailing political view, and because of repeated Israeli attacks on Lebanese villages after the resistance movement arose, in addition to the fact that economic activity centered on the capital, Beirut, and was in need of labor--because of all that, large numbers of southern Lebanese emigrated to the suburbs of Beirut to live under conditions similar to those of the Palestinians, and some of them lived in the camps and still do. The southern and eastern suburb of Beirut, along with the camps, formed a belt of true misery around the Lebanese capital. However, this misery shared by the Lebanese emigrating from the south and the Palestinians was not able to unify them against the causes of their misery, rather it increased the "enmity" between them because of the competition for job opportunities, and because the emigrating southerner believed that his presence in the belt of misery was the price he paid for the Palestinian problem.

Since its establishment, the Palestinian resistance has naturally concentrated its activities in the confrontation states, and following violent and bloody confrontations with the Lebanese authorities, it was able to sanction its lawful liberation activity in the plain agreement known as the "Cairo agreement," which allowed the Palestinian resistance to launch attacks against Israel from within southern Lebanon. This increased the severity of the Israeli reaction against both the Palestinians and the Lebanese, and added fuel to the fire of the official Lebanese information campaign against the resistance, in which the Lebanese authorities covered up their failings in and neglect of the south with flimsy excuses, and they set up vicious units of the Lebanese army consisting of local people to fight the Palestinians. All this happened during the seventies, before the Amal movement became a force to be reckoned with.

## Amal Movement and New Balances

After the Palestinian resistance left Beirut right after the Israeli invasion the Amal movement began to play a military and political role on the Lebanese scene, benefitting in the popular mind from its role in resisting the Israelis alongside the Palestinian resistance during the siege of Beirut. The differences between Nabih Birri and the Amal leadership in the south came close to an actual conflict, because Birri was determined to resist Israel while the leadership of the movement in the south took the position of observing a truce. That was until the Lebanese National Resistance Front arose, with which Amal became affiliated in order to resist the Israeli army in the south, and to form subsequently the principle military force on the scene.

But what happened so that Amal launched its latest attack against the camps?

In spite of the official accounts from both warring sides which agree that the fighting started because of a single incident, and despite the fact that conditions were ripe for an outbreak of fighting, there were reasons relating to the new balance of power in Lebanon and to the strategies of each of the two sides. Also, there were local and regional dimensions that had an obvious effect and that played an effective role in stirring up the Lebanese and Palestinian sides.

After the second stage of the Israeli withdrawal from southern Lebanon, the Amal leadership announced through one of its commanders, Da'ud Da'ud, that it would stand against any military operation aimed at Israel after its withdrawal to the international border with Lebanon, and observers have noted that operations by the Lebanese National Resistance have recently decreased in quantity and in nature. AL-MAJALLAH has learned from reliable sources within the Resistance Front that elements from Amal have fought fierce battles with groups belonging to the Front that had been heading out to carry out their tasks. In addition to that, Da'ud Da'ud, an Amal commander, says that he will not permit any party or organization to exist in southern Lebanon, and he believes that it was his movement alone that liberated the south and that it is responsible for security and for putting things in order.

On the other hand, Nabih Birri, head of the Amal movement in Beirut, stated that he would not permit anyone to return things to what they were before 1982, that is, before the Israeli invasion when the Palestinian resistance had the principle role in Lebanese politics. As for fighting Israel, Birri believes that the liberation of Palestine must be a joint Arab responsibility, and on all fronts, "primarily the east Jordan front."

Thus if we add the historical background to the strategic goal that the Amal leaders talk about, we will understand the local Lebanese reasons behind the situation erupting, which can be summarized in the following points:

- The Amal movement, having established itself as a primary force on the Lebanese scene, will fight any party that tries to take away its gains.

- There is a basic contradiction between Amal and the Palestinian resistance regarding their stance towards commando operations against Israel. For while groups within the resistance are determined to fight Israel after it withdraws from the south, Amal believes that its task ended with the end of the Israeli occupation, and that the liberation of Palestine must be a joint Arab responsibility.
- Any political or military force in Beirut that tries to have an effect on the new balance of power will clash decisively with the Amal movement, which considers itself to be the major victor and the most numerous. For this reason, last month it fought battles with the Murabitun movement, the organic ally of the Palestinian resistance, as Ibrahim Qulaylat told AL-MUJALLAH. And for this reason, it tried successfully to seize the reigns of power in the Lebanese capital in preparation for holding political unity talks from a position of strength.

It should be pointed out that among the ranks of the Shi'a sect there are those who oppose the direction Amal is taking. Perhaps Shaykh Muhammad Fadlallah is the most active in his opposition, and he is playing an essential role in talks between the Palestinian resistance and the Amal leadership. He believes that Israel must be fought until Jerusalem is liberated.

#### How Did the Palestinian Factions Unite?

What is striking about the "war of the camps" is that the Lebanese parties allied with Amal, such as the Progressive Socialist Party, the Communist Party, and the National Socialist Party, did not participate in the attack against the camps, and Junblatt played a role as mediator. Informed Lebanese sources believe that these parties have begun to review their positions and that sooner or later they will reconsider their alliances with Amal, for most of them are secular parties that were forced by the circumstances of the occupation to ally themselves with a movement that represents a sectarian viewpoint. These sources expect there to be a fierce and bloody struggle between Amal and the aforementioned parties.

Even more striking was the fact that the Palestine Salvation Front joined the battle alongside Fatah, and also that the artillery belonging to this front's units shelled Amal's positions from positions in the mountains where the Syrian army is located.

A source close to Mr Yasir "Arafat believes that the unity among groups of the Palestinian resistance under these "delicate circumstances is natural, because the Palestinian presence in Lebanon is threatened and it is in no one's interest to stand aside watching." On whether there had been any contacts between the Salvation Front and the PLO leadership in Tunis, the source himself says that up until last week there had been no contact, and that the PLO was ready to talk to any party that "wants to rejoin under the legitimate leadership." This source praised the statements that the leaders of the Salvation Front made and the positions that they took when they met last week with "Adb-al-Halim Khaddam and asked him to intervene quickly to stop the attack on the camps.

The question still remains: Will the Salvation Front's position lead to a dialogue among Palestinians and to patching the rift, or will things remain limited to an alliance for self-defense only? Also, what will be the formula for ending the battles that have taken place and that are going on?

With regard to the first question, it may be premature to speculate on an answer, especially since the PLO, led by 'Arafat, is sticking to its alliance with Jordan and to carrying out its line decided upon in its representative agencies. That is a profound difference that cannot be removed simply with statements from here and there, even though they might be an indication of a change within the ranks of the Salvation Front.

As for an interim solution to the problem of the camps in Lebanon, those in the Palestinian leadership in Tunis see it in the following manner:

- The Amal movement cannot be allowed to take over the security of the camps after what has happened.
- There should be an immediate cease-fire, and talks should take place under Arab and national Lebanese auspices through which a formula would be arrived at that would preserve the security of the camps and agreement would be reached concerning the defensive weapons in them.
- The PLO will not accept any Syrian solution.

These are the essentials of any quick and imminent solution, as those in the PLO see it. The battles might continue for a long time before any one of these items is achieved unless Syria intervenes quickly and puts a halt to what is going on.

#### The Syrian Role

Those who have been following Syrian policies in Lebanon since 1975, that is, since the civil war began, believe that the Syrian leadership is trying to achieve a balance between the warring Lebanese factions and sects. When the war began, it sided with the Lebanese National Movement against the Phalangist party and parties of the Lebanese Front. When it felt that the balance of power had been upset, and after the Syrian army's entry into Lebanon when the Lebanese parties and the Palestinian resistance fought fierce battles against the Syrian army, Damascus during this phase took the side of the Phalangists and their allies, but it was not long before they resumed their support of the National Movement in order to maintain the balance of power. After the Palestinian resistance left Beirut and after the 17 May agreement between a Lebanese and an Israeli delegation was signed, Damascus once again renewed its support of "national forces and parties" against the central authority until the aforementioned agreement collapsed, and so far it is still supporting the Amal movement and the parties allied to it. Thus, so far Damascus has not allowed any Lebanese to be victorious over another group, because the total victory of one sect or party, according to what Syrian sources say, would mean the division of Lebanon and foreign states regaining the influence they previously had on internal Lebanese policies.

The observers believe that Damascus is not far removed from what is happening in the camps, for the Amal movement is one of its faithful allies, and that the Syrian capital is very interested in curbing the PLO in Lebanon and in curbing the Palestinian forces loyal to "Arafat, for these forces, according to Syrian sources, are an obstacle to the Syrian solution and are trying to keep Syria busy in the Lebanese arena so as to keep it from opposing the well-known Jordanian-Palestinian alliance.

Whether or not Syria knows what will come out of the attack on the camps, and that is unlikely, Damascus will try to reap the fruit of what will happen. Well-informed Lebanese sources believe that the intention behind curbing the PLO and the attempt to weaken "Arafat is to turn the camps in the Lebanese capital over to the Palestinian National Salvation Front that is allied to Damascus, especially since the leadership of this front, following its active stand against the Amal movement, has come to be appreciated in the eyes of the Palestinians. These sources do not think it unlikely that that will happen after the Amal movement is restrained and curbed in its turn.

When we consider the latest Syrian movements on what pertains to the Lebanese problem, and the news that confirms Damascus' determination to sign a security and defense agreement with Lebanon, and the news which confirms the return of the Syrian army to Lebanon--if we take all that into consideration, we will understand why the various sides are being curbed. For whether its army returns, or whether it signs a security agreement with Lebanon, it is important to Damascus not to return to the stage of the seventies, when the militias on the Lebanese scene obstructed its role and turned its army into just a police force for settling disputes. It is interested in returning after the various groups have been weakened so that the solution that it wants can occur. If that happens, Lebanon will have entered a new phase of its history, and a part of Damascus' dream of a Greater Syria will have been achieved, in preparation to launching into what the West calls the Middle East problem from a position of strength. We will be able to perceive this Syrian scenario better when we have read what Nabih Birri said in a news conference of his, in which he listed the Syrian conditions for the return of the "deterrent" forces to all of Lebanon. These conditions can be summarized by the following points:

- A Lebanese political and security agreement.
- The agreement by all sides to the return of the Syrian army.
- Agreement on a formula for allocating power in Lebanon far removed from the formula of 1943 that is based on the sectarian balance.
- A defense and security agreement that ties Lebanon to Syria and to its Arab surroundings.

Therefore Syria is determined to end the war in Lebanon in its favor, and the weaker the Lebanese and Palestinian parties that oppose Syrian policies become, the closer Damascus gets to achieving the solution it wants.

London AL-MAJALLAH in Arabic 5-11 Jun 85 pp 12-13

[Article by Mustafa Zayn: "The Objectives of the War of the Camps: To Remove Abu 'Ammar from his Support- -To Pave the Way for the Return of the Syrian Army- -To Subjugate the Palestinians to Lebanese Authority- -To Abolish the Gains Made by the Palestinians"]

[Text] The number of Palestinians- -close to 400,000 people- -exceeds the number of people in the medium-sized sects, and by virtue of their presence in Lebanon, the Palestinians have played a fundamental role in the formulation of Lebanese policy, and no Lebanese government has been able to ignore this role or remove its players or draw up Lebanese policy without the Palestinians.

Before the emergence of the Palestinian revolution, there were laws that regulated a Palestinian's relationship to Lebanese authority and that regulated the movement of Palestinians within Lebanon and between the camps. These laws used to limit a Palestinian's freedom on all levels, and by their very nature prevented him from bearing arms or engaging in any military activity. After the emergence of the revolution and the occurrence of numerous clashes with the Lebanese army, the authorities permitted Palestinians to bear personal arms inside the camps to defend themselves, especially after the camps and PLO offices had been the target of Israeli operations before which the Lebanese authorities had been powerless. After that they agreed to a kind of private security for the camps, charge of which was taken by the revolutionary forces coordinating among themselves on the one hand, and in coordination with the concerned Lebanese authority on the other. If we add to this event the Cairo Agreement and its appendices which concern the Palestinian presence in south Lebanon and legally permit the commandos to launch military operations against Israel, the Palestinian has made gains that it has not been able to achieve in any other Arab country. Thus Lebanese territory became the main and virtually the only base for the official, military and informational Palestinian presence.

The PLO was and still is extremely jealous of these gains; it defends them fiercely and tries hard, through its local alliances with national Lebanese parties and through its Arab alliances, to make more gains.

But after the Israeli invasion of 1982, and after the Palestinian fighters left Lebanon, the situation in the country changed greatly and there was no one who could protect the afore-mentioned gains by force of arms. The Palestinian camps in Lebanon became liable to become like the rest of the camps in the other Arab countries, especially if the Lebanese were to try to set up a single strong central authority, because this authority would demand that its influence and rule extend over the entire Lebanese territory, including the camps, and it would run up against those defending private autonomous security. Add to that the fact that the Cairo Agreement and its appendices collapsed after the invasion as an accomplished fact. Even if the Lebanese authorities have not officially abrogated it, Lahd's forces on the one hand, and Amal on the other, will not permit any military activity or

any armed Palestinian presence in the area of land in the south that had been designated in the afore-mentioned agreement, and which at the time Israel had called "Fatah Land."

Within this framework we can understand what Nabih Barri, leader of the Amal movement, said: that there will be "no return to what things were before 1982." This means:

- The abrogation of all Lebanese-Palestinian agreements.
- Abrogation of autonomous security for the camps.
- Forbidding an armed Palestinian presence.
- Dismantling PLO installations within and outside of the camps.

Thus Nabih Birri, in launching his latest attack against the camps, has begun to play his role- -as he sees it- -as minister of the interior (he is now minister of justice), in a strong, central Lebanese government, and the Amal militias have played a strong security role.

This role that Amal is playing fulfills a dream that the Lebanese authorities and those opposed to the Palestinian revolution had, and makes Nabih Birri an essential participant in drawing a picture of the "new" Lebanon!

#### Regional Dimensions to the War of the Camps

On the level of the regional dimension and the proposed solutions to the Palestinian question, those concerned with the issue realize that whoever controls the camps in Lebanon, they being the single Palestinian arena completely subject to the rules and regulations of the PLO, holds a very strong card, whether with regard to playing a role in the proposed solutions, or with regard to working to foil these solutions. The Palestine Salvation Front, without an effective presence in the camps, has become a leadership without a base, and the PLO has also become just offices and officials in Tunis, and Syria is just an Arab country thousands of miles away despite the intermeshing of Lebanese and Syrian territories; therefore each of these sides is in a race against time to extend its influence over the camps in preparation for what will come after the final phase of the Israeli withdrawal and for the proposal of a new formula according to which authority in Lebanon will be organized, and in preparation to confronting the regional and international solutions that are actively seeking a solution to the Palestinian question. Within this framework we can also understand Syria's total support for the Amal movement in its war against the camps.

For whether the Syrian army returns to Lebanon, which is likely, or whether it does not, the Syrians do not believe, according to what their sources say, that there can be any benefit from the armed presence of any side having weapons on Lebanese territory.

If Lebanon makes a security and defense agreement with Syria, which is what Damascus is working hard for, then the task of collecting the weapons of the various warring factions in Lebanon will fall on the Syrian army.

The Syrians would prefer that somebody else, even if supported by them, take on the task of disarming the camps, so that the matter would not be one of Syria's hostility to the Palestinian revolution.

Therefore the plans for solutions that Amal proposed coincide with the Syrian view. The Salvation Front opposed those solutions, and needless to say, the PLO is against all the proposed solutions, on which they were not consulted to begin with. The Syrians and Amal agree on a solution plan based on the following points:

- 'Arafat is the one responsible for the battles.
- There will be no return to what the Palestinians had prior to 1982.
- The security of the camps is an internal Lebanese issue subject to the laws that are observed and applied in Lebanese territory.

In this respect, the Syrians believe that the matter has gone beyond one of security for the camps and has entered the realm of long-term strategic planning, and as long as Syria guarantees security in Lebanon, the Palestinians have nothing to fear.

This is what the vice president of the Syrian republic, 'Abd-al-Halim Khaddam, told the director of the office of muftis, Husayn al-Quwatli, when the latter contacted him in his capacity as an official in the security committee that was formed right after the Islamic conference that was held in Damascus as a result of the battles between Amal and the Murabitun.

While waiting for a final solution to the Lebanese problem, the Syrians believe that a comprehensive cease-fire should be reached, and that a committee from the Salvation Front should take over responsibility for the security of the camps, aided in that by committees from national Lebanese parties.

Because the question goes beyond camp security, the Syrians say, discussion of the Palestinian question and the liberation of occupied territories is a pan-Arab responsibility and is not limited to one party without another, and it is not limited to one country without another. Syria, as its sources say, is bearing this responsibility, and everyone, including the Palestinians, must concede to Damascus' pan-Arab role.

On the Palestinian level, sources close to the PLO in Tunis believe that Syria is "trying to liquidate that Palestinian question." These same sources say the PLO cannot possibly give up the gains that it achieved for the Palestinian people after a long and bloody struggle, and it will work hard to foil any planned solution that will be at the expense of those gains, even at the cost of continuing endlessly with an exhaustive war against all who are working to pass these solutions.

If any one of the proposed solutions is applied, Syria will have played the major role, and if these plans are passed, Damascus will have basically succeeded in removing Abu 'Ammar from practical participation in reaching a solution to the question of the camps, and it will have removed the PLO from practical participation in the self-determination of these camps. On the other hand it will have sanctioned the authority of the Salvation Front, and put a stop to opposition by any Lebanese side to being disarmed.

From now until the proposed plans are on their way to being implemented, the Palestinians and Lebanese will remain subject to the ugliest kinds of wars and massacres, and in the long run, that will widen the rifts in the disputes among the Lebanese, between the Lebanese and the Palestinians, and the Palestinians and the Syrians.

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SYRIA

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## REVIEW OF 1984 PROJECTS FOR DAMASCUS PROVINCE

Damascus TISHRIN in Arabic 12 Mar 85 p 3

[Text] Time continues on its course, and the Ba'th revolution continues to give gifts, leaving its imprints on the course of time. The high points speak of the greatness of its creators.

Certainly, anyone who has travelled around our country has witnessed signs and demonstrations of the gifts of the revolution and its leader's rectification of the path.

The rural area of Damascus, as other provinces of the country, has been granted a share of this bounty. The harvest during 1984 was an abundant one: more than 185 million pounds were appropriated for local projects, of which 165 million pounds were spent during 1984 on health, water, education, labor, school building and public utilities.

### Health, Education and Labor

A number of projects in these areas were completed, and considerable progress was made on other projects. The health center in Yabrud was completed, as was its counterpart in Saydnaya. Eighty percent of the work was completed for the health centers in Zamalka and Mu'addamiyat al-Sham; 50 percent of the work was completed for the center in al-Mulayhah; 20 percent of the work was completed for the center in al-Dimas; and work was begun for the center in Daraya. Implementation was completed for the production workshops in Halla, al-Sahl and Hinah, the guidance unit in al-'Ayadi and the educational centers in al-Nabk, al-Zabadani and Daraya.

### Technical Services

Technical services in the area of "replacement and modernization" replaced 18 pumps in existing water projects in the province, and performed maintenance on 31 water projects.

The Abu Qawq water project was completed, and about 95 percent of the 'Arnah --Qatana project was completed. Eighteen water projects were completed during the past year in (Hawsh Bijad), Suq Wadi Barada--'Ayn Jib, al-Zurayqiyah, Arkis, (Bazinah), Harasta, Sahba, Durin, Mazra'at al-Nafurah, al-Husayniyah, al-Qastal,

Sakka, (al-Dalyah), Ghasulah--Sa'sa', Kanakir, al-Hijanah and (al-Qaybah). Approximately 30 percent of the total work was completed for 20 water projects.

#### School Building and Roads

In the area of school building, work was completed for 500 primary places and 200 intermediate and secondary places. More than 70 percent of the work was completed for 300 primary places, and 40 percent of the work for another 100 primary places. More than 80 percent of the work was completed for 100 intermediate and secondary places, and more than 40 percent for another 50. Maintenance was performed on 1,500 primary, intermediate and secondary places.

In the area of roads, maintenance was performed on 156 kilometers of existing roads, and 125 kilometers of new road were implemented, including these sections: Fin--Halbun, al-Jisr al-Khamis--al-Ghizlaniyah, Zakiyah--Khan Danun, Yabrud--Mashrafah), (Jirud--al-Mu'addamiyah, 'Assal al-Ward--Hawsh 'Arab, Harran al-'Awamid--al-Barakah, (al-Ghizlaniyah--Qarmishiyah--Qarhata, Qutayfah--al-Tuwani, Hims intersection--Hafir al-Tahta, 'Artuz--Qatana, Rakhlah--al-Saburah--Kafr Quq, (Judadat Yabus--Kufayr Yabus) and Baytma--Kafr Suwar--Bayt Jinn.

#### Public Works

In the area of public works, barriers were erected on the Barada river in Kufayr al-Zayt, (Dayr Qanuz) and Dayr Qanun, and improvements were made on about 40 well and river projects and 15 wells. The project to prevent high water and floods for the city of al-Nabk was completed. Dams were implemented in al-Husayniyah and Dayr Qanun.

#### Municipalities of the Second Rank

Twenty-five kilometers of new road were graded, paved and asphalted in Duma, al-Nabk, al-Tall, Daraya and al-Zabadani, and 4 kilometers of sidewalks and 20 kilometers of drainage ditches, 10 kilometers of towing and pump tracks and 5 kilometers of networks were completed. Shafts were completed for 6 wells, and construction was completed for 2 reservoirs with a total capacity of 1,000 cubic meters of water. Also, 5 public gardens were completed in 5 cities, a municipal headquarters was built for the city of al-Tell, workers' housing was implemented in the city of al-Nabk, a repair shop and a garbage dump for the city of Daraya were completed, garages were implemented for the city of al-Zabadani and a fire station and slaughter house for the city of Duma. Also 900 light poles were installed, and other projects were implemented.

#### Innumerable Gifts

These are the gifts of one year in the life of the revolution, the Ba'th revolution, the revolution of workers and farmers. If you want to count the gifts over the years of the revolution, you need only visit the cities, villages and municipalities of the rural area around Damascus to see for yourself how far the rural area has come in the era of the revolution and the leader of rectification.

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## FROST CAUSES EXTENSIVE DAMAGE TO CROPS IN TARTUS

Damascus TISHRIN in Arabic 19 Mar 85 p 3

[Text] Weather conditions in Tartus province this past month caused extensive damage to agricultural products generally, a situation which requires a rapid response at the highest levels, either by easing the situation of the producers by providing replacement seeds with all possible speed or by meeting local consumption needs. We will explain the situation of the agricultural products in the province in this article.

### Winter Vegetables

The agricultural area amounts to 1,632 irrigated hectares and 804.5 unirrigated hectares. The damage varied between 50 percent and 90 percent, depending on elevation, crop varieties and topography. The broad bean and green pea blossoms fell off, with the destruction being nearly complete in the areas of al-Mashta, al-Qadmus and Brummanat al-Mashayikh.

Damage was 20 percent to 50 percent for the lettuce and 20 percent to 30 percent for chard and spinach.

The frost wave helped put an end to some winter crop and pasture grass diseases, especially agricultural worms. A few of these crops were afflicted by dryness.

### Early Vegetables

The early vegetables were damaged extensively. Damage was complete for seedlings in the nursery, where between 50 percent and 90 percent of the seedlings were destroyed, causing their replanting. Damage was also extensive for the seedlings which had been transferred to permanent sites and planted for the first time, where the extent of the damage was between 75 percent and 90 percent, causing some areas to be replanted. The data on the early vegetables is as follows:

- 1,300 hectares were planted in zucchini, which suffered damage of 90 percent.
- 1,200 hectares were planted in cucumbers, which suffered damage of 90 percent.

- 600 hectares were planted in green beans, which suffered damage of 75 percent.
- 2,500 irrigated hectares were planted in spring tomatoes, which suffered damage of 90 percent.
- 2,500 unirrigated hectares were planted in spring tomatoes, which suffered damage of 80 percent.

We are informed that the tomatoes were still in the nursery, and that the seedlings suffered damage of 50 percent to 60 percent.

- 1,200 irrigated and 440 unirrigated hectares were planted in spring potatoes, which suffered damage of 50 percent.

Generally, the farmers are working in their particular way to replant these crops. However, seeds are not available in the markets in quantities sufficient to cover the areas scheduled for planting; consequently, the price of seeds will rise, adding greatly to the burden of the brother farmers.

#### Trees

Damage was extensive to the almond trees. A frost wave caused from 40 to 50 percent of the new almond fruit buds in the coastal strip to fall. Damage increased to 80 percent in the mountain regions. There are 246,000 almond trees in the province.

The extent of the damage to the flowering buds of other trees, such as plum, green plum and peach, is estimated to be in the range of 40 percent to 60 percent. There are 166,000 plum trees, 22,000 green plum trees and 7,000 peach trees.

The frost wave caused a loss of leaves and drying up of the new shoots of the citrus trees in the mountain regions. Damage to the citrus trees was limited to a loss of leaves and burning of new growth, which caused the old trees to die, in the coastal regions.

It is anticipated that the flowering buds of all of the citrus trees will have been affected greatly. Farming sources in Tartus confirmed that this year's yield will be low.

This situation has been reflected negatively in the consumer market and has soured the commercial market for winter vegetables. Quantities available are small and the price very expensive. This has increased the demand for meat, the price of which has risen by 10 percent. The price of chicken has reached 14 Syrian pounds per kilogram, though it is not usually available.

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#### SOUTHERN REGION DEVELOPMENT PROJECT REVIEWED

Damascus TISHRIN in Arabic 19 Mar 85 p 3

[Text] The agricultural development project in the southern region of the country is considered to be one of the pioneer agricultural projects, because it aims to reclaim more than 100,000 hectares of land in Dar'a and al-Suwayda' provinces and to cultivate them in a variety of crops, especially fruit trees.

The cost of this project, implementation of which began in 1982, is more than 700 million Syrian pounds. It will be carried out in two stages, the first of which will last 4 years.

The International Food and Agriculture Organization is participating in the project, which falls within the United Nations development program.

Forty agricultural engineers and specialists in the utilization and operation of agricultural equipment and machines are working on the project.

#### The Province's Project Plan and What Has Been Implemented

Mr Muhammad Mustafa Miru, governor of Dar'a, convened a working meeting to review the project in the offices of the directorate of a branch of the project near al-Muzayrib. It was attended by all of the agencies, bureaus and relevant functionaries of the agricultural sector. They reviewed the status of the work and implementation of the project plan for the first 4 year period, the difficulties encountered by the project in the last 2 years, and the needs of the project.

Eng Zayd Mahamid, the project director, explained what work has been implemented. He confirmed the preparation and afforestation of 2,100 hectares around the villages of al-Harah, Namir, Jasim, Zimrin and Simlin. This land is rocky, with a proportion of rock of more than 40 percent. There is similar rock removal and development of crop cultivation in an area of 8,250 hectares, with a proportion of rock of more than 30 percent, distributed among the villages of Nawa, Inkhil, Jasim, al-'Aliyah and al-Harah.

There is development of crop cultivation in an area of 8,650 hectares distributed in the villages of al-Harah, Namir, Jasim, Nawa, al-Shaykh Sa'd,

Tasil, 'Adwan Nafi'ah, Saham al-Jawlan, 'Abdin, Karf Samir, Jallayn, (Hayt), Simlin, Zimrin, Inkhil and Jumlah. All of these are situated in a region of primarily settled, frontline villages.

Work will be completed by utilizing modern agricultural equipment and by utilizing fertilizers, improved seeds and pesticides, and there is considerable importance attached to providing quantities of seeds, costs and labor.

#### Twelve Agricultural Guidance Units

The project director confirmed that so far 12 agricultural guidance centers have been established for active participants in the activities of the agricultural project. The units are located in Zimrin, al-Harah, Jasim, Inkhil, al-Shaykh Sa'd, Jallayn, Tasil, Saham al-Jawlan, al-Jumlah, (al-Quniyah), Ibta' and Kafr Shams.

#### The Area of Training

The project director said that implementation had been completed of 8 training courses covering use and maintenance of agricultural tractors, from which 240 farmers had graduated. A ninth course has been begun.

Also, 28 trainees have been graduated from a course covering the use and maintenance of heavy equipment.

Fifteen agricultural engineers have been graduated in areas involving the work of the project and its administration, and training has been undertaken for 15 mechanics for a period of 9 months.

#### Guidance Fields

Instructional fields for fruit tree afforestation have been started with an area of 520 dunums. The area of each field is between 2 and 10 dunums.

This includes olive, almond, pistachio and fig trees and vines. Also, 33 instructional fields have been implemented in farmers' fields. The project administration bore the expense of this, including preparation of the seed beds, breaking up the earth and planting, and providing the improved seeds, fertilizers and pesticides.

#### Agricultural Operations

In this past season, the plan included implementation of 650 hectares for development of crop cultivation. The project administration provided facilities for the farmers to receive production needs from the agricultural bank.

This year, the plan included 1,525 hectares put into implementation, distributed as follows: 100 hectares in Jallayn, 200 hectares in Hayt, 375 hectares in Saham al-Jawlan, 650 hectares in Tasil and 200 hectares in Inkhil. The agricultural guidance centers are supervising all of the agricultural projects in the villages mentioned.

## Receipt of Advanced Agricultural Equipment for the Project

The project director continued, saying that advanced agricultural equipment and modern tractors have begun to arrive, as follows:

- 30 advanced agricultural tractors for land reclamation.
- 15 trucks.
- 49 mechanical seeders.
- 49 mechanical fertilizer spreaders.
- 116 tractors of various sizes

Arrival is expected of 9 modern bulldozers for the project.

## Road Project

The project administration has continued implementation of roads in Jallayn, Hayt, Namir, Simlin, Dayr al-Bukht, Kafr Shams, al-Harah, Da'il and al-Shaykh Sa'd.

## Requirements of the Project

The project director emphasized the pressing need for a mechanical drilling rig and a crane, and for administrative and financial cadres, and also the need to have the military housing branch implement its contract for installations currently under construction in the project within the established time. A report was prepared to send to the Ministry of Agriculture concerning the project's needs and the need to push the work procedures in the way desired.

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PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

MAJOR AGRICULTURAL PROJECT AT WADI TUBAN DISCUSSED

Aden 14 UKTUBAR in Arabic 3 Apr 85 p 3

[Text] Increasing the amount of arable land, developing irrigation methods, increasing agricultural production through advancing farming methods, mechanizing farming operations, encouraging an appropriate economic stance that is conducive to agricultural productivity, storage and transport--these things represent the basic goal, as confirmed by documents and reports, of the Yemeni Socialist Party in the area of agriculture. The reports also emphasize continuous strengthening of the government sector in the field of agriculture by increasing fundamental investments and working to utilize these investments to maximum efficiency. This represents a fundamental aspect of the policy of the party and the state and the priorities they have established for economic and social development in the agricultural sector, which accounted for the largest share of appropriations in the 3-year plan running from the 1971/72 fiscal year to the 1973/74 fiscal year. The agricultural sector received 26 percent of total annual allocations. In the first 5-year plan, for 1974, 1975 and 1976 this sector received 37 percent. In the second 5-year plan for 1981-1985, 21 percent of total investments were allocated to agriculture. This is a clear indication of the importance of the agricultural sector.

The project for developing the Wadi Tuban agricultural delta is considered one of the main irrigation projects in Lahij Governorate. Since it is experimental and has unique characteristics, it represents one of the developmental agricultural projects in our country. The goal of the project is to increase agricultural production in the Tuban delta. Work on it began in 1978 and the total cost of the project is estimated at 4,330,000 dinars. It can be said that many of the accomplishments of this project have exceeded the original plans.

The project director, Comrade 'Abdallah Muhammad Ba'ashar, spoke with us about the importance of the project and what it has accomplished over the past years.

Agricultural Importance of Tuban Delta

Over the span of many years the southern side of the Wadi Tuban and the silt that is carried to it by the seasonal runoffs from the southern mountain ranges of North Yemen have formed a fertile agricultural region whose soil is

usually described as having sedimentary characteristics. The area of arable land in the Tuban delta is estimated at about 24,000 fedans, including about 5,000 fedans that are irrigated with well water and 19,000 fedans that are irrigated with runoff water. The importance of the Tuban delta is increased by its geographical location near the capital of Aden. It is considered one of the main regions that supplies the capital with vegetables and fruit, and it supplies the raw materials for the tomato sauce, yarn and fabric manufacturers. The cultivated area of the Tuban delta is distributed among 10 state farms with an area of 5,000 fedans and 7 cooperatives with an area of 15,500 fedans. A number of varieties of produce and field crops are planted in the delta, but the most important are fine millet, tomatoes, cotton, maize, sesame, varieties of squash and fruit trees.

#### Agricultural Importance of Project

Given the tangible role of the Tuban delta in the country's development and its impact on the national economy, the project was designed to start implementation at the beginning of 1978. At that time the project began to assist in the agricultural development of the delta through the realization of the primary goal of increasing agricultural production. This has been achieved by implementing aspects of the project. These include the mechanization of farming, the provision of technical assistance and new products, completion of studies, carrying out of civil works, the clearing of land, implementation of farming improvements, construction and the installation of a modern cotton gin. As part of its program the project focused on increasing agricultural production or on those other aspects that represent the material basis for the development of farming. The project provided machines for farming operations and made them available to the cooperatives and the state farms through a rental facility in the region. The project improved this facility by providing it with the means to operate and maintain the equipment, and this undoubtedly will play a role in mechanizing farming operations and lowering the cost of production for agricultural crops. In addition, these machines will provide the producers the opportunity to follow modern farming methods, which will lead to increased production. Aside from these services the project is vitally concerned with bringing about an agricultural awakening through supervision, through providing expertise via the visual and audio media, and through providing training farms where producers on the state farms and cooperatives learn modern farming methods that will increase production. The goals of the project have included certain civic works which assist the citizenry in the region of the project to improve their standard of living. The project has worked to provide pure drinking water to a number of villages and has provided certain capabilities such as the gabions which help to combat damage caused by the erosion that afflicted the area in 1982. Since the Tuban delta is charged with producing the medium fiber cotton which feeds the yarn factories and which is partly exported, and in view of the low capacity of the old cotton gin and the high cost of producing cotton, the area has been supplied with new cotton gin equipment which will reduce the cost of ginning the cotton. However, the most important task of the project, one which will have the greatest direct impact on increasing production, is the developmental task on a number of state farms in the Tuban delta. The area of this project is 1,755 hectares. It includes clearing and leveling the ground and improving irrigation. This includes a

number of chores, such as lining the irrigation canals with cement, cutting canals and building water facilities.

#### Project's Financial Performance

The project director pointed out that the explanatory memorandum of the work program attached to the basic document calls for distribution of the financing of the project to a number of loan sources. The state participation, according to the economic development plan, in the total cost of \$12,055,000 will be utilized over the life of the project, which is estimated at 4 years. The project has seen a number of modifications in its schedule and its organizational structure. Actual expenditures from local allocations during the period from April 1978 to December 1984 have totaled 1,254,119 dinars, an amount above the original allocation by 139 percent. A total of 97 percent of the allocated finances for fiscal 1984 was used. At the end of 1984 all of the allocations from the International Development Agency loan, which was 100 percent secured, were used. Concerning the loan from the Arab Fund, the amount used by the end of December 1984 reached a total of 1,291,571,788 Kuwaiti dinars, a discharge of 68 percent of the loan. Actual expenditures for the project from its inception in 1978 to the end of 1984 totaled 4,540,108 dinars, which was acquired from various financing sources. Therefore, in addition to the allocations secured for the 1985 fiscal year within the amended second 5-year plan, a total of 608,428 dinars is available for use during the remaining life of the project.

#### Project's Material Accomplishment

It is clear that the goals of the project are aimed at increasing production. Therefore, it has been necessary to focus on developing irrigation methods and taking advantage of every drop of water in order to lessen the extent of water loss by following modern irrigation methods. These can only be followed by clearing and leveling the ground and building facilities designed to regulate irrigation water. This also permits the ideal use of agricultural machinery and lowers the cost of production. For these reasons we find that the assets used for clearing the land and the irrigation improvements were the focus of greatest concern in the project, and commensurate amounts of money were appropriated. Clearing operations and irrigation improvements were allocated 1,650,000 dinars. Machinery and equipment were allocated 445,900 dinars. We can point out here the project's accomplishments up to this point.

#### Ground Leveling, Irrigation Improvement

In this regard the project planned to develop an area of 1,755 hectares distributed among eight state farms charged with both plant and animal production. In accordance with the engineering plans and agricultural specifications of each of the farms, the implementation of these activities varied from one farm to another. Since the project is the implementing office of these activities, it was necessary that it provide the wherewithal to carry out the work. By this we mean machinery and equipment to level the ground, the (al-bardayn) factory, and the forms necessary for the lining of the irrigation canals. Lining these irrigation canals is considered one of the material accomplishments, since this enables us to provide the necessary

service for repairing the canals after the project is completed. The importation of this equipment and the assembly of it and the construction of the project office all consumed a certain amount of time. As a result of these activities, the actual clearing operations and lining of the canals began late. For this and other reasons, the percentage of the work accomplished for clearing and irrigation improvements was low. During the first 3 years about 75 percent of the project was completed. This degree of achievement, however, was considered good and these activities were completed on the Wadi Khayr and 26 September farms. The clearing has been completed on the al-'Imad, al-Husayni and Mujahid farms. A high percentage of the canal lining has now been completed and all that remains is the work on the animal resource farms. The amount of dirt moved in these operations was 425,000 cubic meters.

Concerning farming equipment, the project budget was allocated \$1,300,000 to provide this machinery to the rental facility in Sabr so that it could be used on the state farms and cooperatives. By 1981 84 pieces of equipment had been provided. For the 2 years 1983 and 1984 steps were taken to provide pieces of equipment with high horsepower ratings, seeders, other equipment and pumps with electric generators.

The technical assistance that came in the context of these activities included the provision of 11 agricultural experts in a number of fields. A number of Yemeni cadres were sent abroad to study in the fields of agriculture, crops, mechanization and supervision so that they could obtain a high degree of expertise in these areas. In this regard, an agricultural supervision department has been established, which has truly undertaken to spread new knowledge to producers.

Civic works and repairing the damage of erosion were allocated an amount of \$300,000. This was to improve the lives of citizens in some of the villages in the Tuban delta. The other villages were linked to the Aden-Lahij road, water was provided to six villages through the construction of water tanks, but it was not possible to pave the roads for two reasons: the planned future excavation of some roads by the Ministry of Installations and the small amount of money allocated for these activities.

The new agricultural products introduced include chemical fertilizers and insecticides, and \$300,000 was allocated to purchase these and make them available to the farmers on the farms and cooperatives through the General Organization for Agricultural Services. The project was slated to plant 110 hectares of fruit trees and provide the necessities to do so in coordination with the agricultural department in the governorate. These necessities included a nursery for fruit tree seedlings, 500 water pumps, 200,000 polyethylene bags and other tools. During 1983 and 1984, the period of fruit tree activity for the project, workers and fuel were provided, and some agricultural areas were leveled. A total of 77,392 fruit seedlings were distributed (including mango, papaya and guava trees). The project director added that a study has been completed of the underground water in order to deal with the increasing water needs for crop irrigation. In addition, an agricultural pricing and taxes study has been completed to regulate the prices of produce and establish a system of subsidies and taxes, all of which will

have a direct impact on the income of producers. A satellite study was done of the delta to determine plant coverage and the topography of the region.

#### Project Accomplishments, Extent of Goal Achievement

The project director told us that the accomplishments achieved are solely the result of the joint efforts of the project workers, the leadership departments of the Ministry of Agriculture and the executive and party authorities in the governorate. The project worked to provide a number of plows and machines. The goal behind providing them was that they would be used to the utmost in various farming operations in order to increase production and improve quality. The project provided a great deal of technical assistance to the region by qualifying Yemeni cadres, establishing a supervisory department which oversaw the introduction of potatoes in some of the areas of the governorate, expanding the growing of fruit trees and improving production. Another accomplishment is that the clearing and leveling of ground has led to an expansion in the size of small plots, whose area had ranged between 10 and 15 meters, to larger plots with areas ranging between 80 and 150 meters. These plots are irrigated with well water. Plots were also expanded to 100-250 meters by 80-100 meters in cases of irrigation from both wells and runoff (double irrigation.) The project also lined the primary and branch canals, something which has had a great impact on reducing irrigation water loss. This has led to an expansion of area and reduction of production costs. Wells were linked to each other, and this has yielded positive returns in terms of being able to use water from other wells when one of the wells runs dry. Water from seasonal runoff has been controlled through water regulation facilities, and a comprehensive irrigation system was installed that facilitates control of irrigation water and reduces the agricultural workforce.

#### Difficulties Facing Implementation

The director of the project to develop the Tuban delta noted that in terms of tasks and financing, the project was one of the largest agricultural projects included in the development plan. It faced from the beginning a number of difficulties, most of which the project has been able to overcome with the support of the Ministry of Agriculture. The difficulties include:

--The large number and complicated nature of the project's tasks. The project is responsible for preparation, supervision and implementation. Under these circumstances it was not successful. The 1st and 2d years were a period of preparation, during which the project was able to establish an administration and provide the means for implementation and do other work.

--The means for completing the work and the technical cadre were not provided when they were needed.

--There were repeated modifications to the project agreement. The document called for agricultural improvements by building a network of buried plastic pipe. For technical reasons this was changed to open cement canals. Because of this we had to bring in a factory for the canal lining molds. There were

other modifications to certain aspects of the introduction of agricultural products.

--There was a turnover of project directors and engineers, and no agreement was implemented for the repayment of the loans used for the machinery and equipment which the project received for the rental facility and for which the facility had to sign with the National Bank. Also, ideal use was not made of the new agricultural products introduced, and the installation of the cotton gin was late. This is a summary of the difficulties faced.

#### Project's Future Horizons

At the end of the discussion, Comrade 'Abdallah Muhammad Ba'ashar stated to us that by the end of 1984 all of the tasks of the project were considered accomplished with the exception of the construction and installation of the cotton gin and the completion of ground clearing and leveling and improving irrigation in a 500 hectare area. During the current year, 1985, the project's plan calls for completion of the engineering designs and completion of ground clearing and leveling on the farms. Also during 1985, 12,000 meters of canals will be lined, 160 sprinklers installed, 6,000 meters of old irrigation canals will be repaired, 2,000 meters of runoff canals will be dug and 6,000 meters of dirt road will be completed. It is expected that all of the clearing work and improvements will be done before the end of the second quarter, and during the last two quarters the ground leveling will be completed on the animal resources farms. All of this concerns the development tasks on the state farms. Concerning the cotton gin, it will be completely installed during March, April and May if the company overseeing the installation fulfills its obligations. During this year the farming equipment aspect of the project will be completed and all equipment will be received by the rental facility and certain supervisory tools will be provided to the oversight departments.

As for next year, 1986, this will be the final year of the project and activity will be restricted to completing irrigation improvements on the remaining farms. At the start of the year the project will work to reduce its workforce and draw up recommendations for the concerned departments on how to benefit from the human and material capabilities created by the project after 1986.

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CSO: 4404/312

YEMEN ARAB REPUBLIC

JPRS-NEA-85-090  
12 July 1985

MILITARY EXERCISES CONDUCTED BY SEVERAL SERVICES

London AL-TADAMUN in Arabic 1-7 Jun 85 pp 41-42

[Text] "Al-Fajr" [The Dawn] is the name that was chosen for the largest military maneuvers ever conducted by the Yemeni armed forces in one of the regions of the historic Ma'rib Governorate. The maneuvers were staged with great skill by a group pulled together from various services--air, land, paratroop, artillery and armor--in front of a number of senior Arab military officials and foreigners. Colonel 'Ali 'Abdallah Salih, president of the republic, commander-in-chief and secretary general of the People's Congress, witnessed the event along with his deputy, Judge 'Abd-al-Karim al-'Irshi, the prime minister and a number of senior civilian and military officials. It was attended from the southern half of the Yemen by the minister of defense, who headed a large military delegation. Military delegations of various levels also attended.

This exercise is considered the largest held since the reorganization, rebuilding and re-arming of the armed forces, measures which include a number of technological developments in weapons and materiel. It is well known that this modernization began about 7 years ago when Colonel 'Ali 'Abdallah Salih assumed the presidency of the Yemen Arab Republic. He has been able to bring about this historic, advanced transformation in the armed forces, the security service and other civilian fields.

A large number of arms from a variety of sources were used in the exercise, and this offered clear evidence of the extensive progress that has been achieved in this country. Suffice it to say that the army during the royalist era was called the "barefoot army" because its soldiers did not wear shoes. At that time the army was used to oppress the populace and steal their money and crops. Although Imam Ahmad concluded a deal for Soviet weapons at that time, he put all of this equipment, including planes, tanks, artillery and other pieces of equipment in vaults and warehouses where they rotted. The revolutionaries of 26 September 1962 were not able to use most of these weapons because they had rotted in storage.

At the present, however, after witnessing part of "al-Fajr" we can see the advancements that have occurred in the Yemeni armed forces and we realize the ability of the Yemenis to handle the most advanced military means of our times and the latest in military technology. This has made the Yemeni soldiers essentially a reserve force and a supporting element in the joint fateful Arab battles.

AL-TADAMUN was invited along with a number of newspaper and news agency correspondents as well as the local press to see a portion of this exercise, which was to be conducted over the space of 4 days. In the exercise the most modern weapons, planes, airborne troops and various offensive equipment were used as well as equipment used to defend against various weapons, including chemical weapons.

Among the delegations in attendance were a delegation from the Sultanate of Oman headed by Fahd bin Taymur, deputy prime minister for security and defense affairs, a delegation from Qatar headed by Colonel 'Abdallah al-'Atiyah, deputy commander-in-chief of the Qatari Armed Forces, a delegation from the United Arab Emirates headed by Colonel Muhammad 'Ubayd Al Maktum, vice minister of defense, a delegation from Saudi Arabia headed by Lieutenant General Muhammad Salih al-Hammad, chief of general staff of the armed forces, and a large number of military delegations from other Arab and foreign countries. The exercise was also attended by members of the diplomatic corps and military attaches assigned to Sanaa.

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AFGHANISTAN

## REFUGEES CLAIM TO BE WAGING 'PEN WAR' AGAINST SOVIETS

Kuching THE BORNEO POST in English 11 May 85 p 13

[Article by Christine Dameyer]

[Text]

**PESHAWAR:** WHILE the Afghan guerrillas wage their *jihad* (holy war) against the Soviet occupation forces on the battle-field, a small group of Afghan emigres across the border in Pakistan is conducting another type of warfare.

"We are doing *jihad* by the pen," says Prof. Rasul Amin, former dean of social sciences at Kabul University. "The Soviets are conducting a strenuous propaganda campaign to convert Afghan civilians to Soviet-style communism, and the *mujahideen* (Afghan resistance fighters) are not equipped to counter it effectively."

Professor Amin explains that the educated elite in Afghanistan — which has a functional literacy rate of less than 10 per cent — who could normally have responded to the Soviet threat have largely been eliminated.

These people — as the group least likely to be deceived by Soviet promises

and also able to generate a competing ideology — were the first target of the communist regime after it came to power in a 1978 coup. By the admission of the succeeding government 12,000 anticommunist intellectuals and professionals were executed.

Amin claims that these executions were instigated by agents of the KGB, the Soviet secret police, operating under the guise of diplomats and advisers to the Afghan government.

Another former Kabul University professor, Dr Syad Majrooh, estimates that 20,000 more Afghans have been killed since the Soviet invasion in December 1979. "We have lost the cream of our society."

Large numbers of the remaining educated Afghans have been imprisoned or have fled the country.

Educated Afghans fear that with their ranks severely depleted, the outside world will believe Soviet propaganda that Afghans are illiterate barbarians who are being introduced to the modern world by Soviet beneficence.

Supporters of the *mujahideen* feel that if the intellectuals were more active, the international community would realise that there already exist Afghan scholars, diplomats, and professionals who are ar-

ticulate spokesmen for their people.

Bringing all these Afghan "brains" together could help the disorganized and fragmented resistance. Higher quality military, political, and economic programmes would be produced.

Most important, such an organisation would facilitate the creation of a unified platform — much needed both internally and in order to make a more persuasive case to the outside world.

Many Afghan intellectuals and professionals intended to lend their skills to the Afghan resistance, but most of them have not found the atmosphere in Peshawar conducive to their involvement.

Discouraged by their inability to play an influential role in the resistance, the vast majority of educated Afghans have started new lives in the West. The result has been a "brain drain" for the resistance.

Financial pressures and the lack of facilities for independent work force most refugees to take jobs as advisers to one of the resistance parties based in Peshawar.

This often involves espousing the party's line and style. Many professionals complain that the leadership — in many cases not well educated — is not generally receptive to new

ideas or to being told of mistakes.

"I defected because I didn't like the government and thought I had a lot to offer the *mujahideen*," says a former Afghan Army colonel. "But it took me months to find a job as a military adviser to one of the parties.

"I revamped their antiquated training system and military tactics, but my recommendations were all brushed aside because the chiefs think they know everything already. I'm really sorry I came now. In Kabul, I had a good position and all the luxuries, but here I can barely feed my family on the small salary I get."

Likewise, Afghans living in the United States who went back to help the cause of their country's liberation have encountered the same obstacles.

Preliminary efforts are being made to publicize the Afghan predicament abroad in a more professional manner. A group of Afghan exiles has banded together in Peshawar to establish the Writers Union of Free Afghanistan.

Members include the former president of Kabul University and a specialist on Soviet military tactics who trained at the elite Frunze Military Academy in Moscow. Dr Majrooh heads the Afghan Information Centre, an independent resistance news service.

AFGHANISTAN

SOVIET MIG, COPTER REPORTEDLY DOWNED BY MUJAHIDIN

Tehran TEHRAN TIMES in English 6 Jun 85 pp 1, 3

[Text]

NEW DELHI (Dispatches) — One MiG jet and a helicopter belonging to the Soviet forces of occupation in Afghanistan were shot down by the Moslem Afghan revolutionaries during recent clashes that took place in Mazare Sharif and Paktia provinces of Afghanistan, reliable Afghan sources said here.

The sources added that an armored column of the joint Soviet and Kabul regime forces on the way to the Afghan capital was attacked by Afghan Moslem revolutionaries on salang pass in Mazare Sharif province and heavy damages and casualties were inflicted on them.

They said since mid-May, supply and relief units of the Soviet and Kabul government forces have been seen moving to Mangarhar province to set up base near the joint Afghan-Pakistan border and that they are attacked regularly by the Moslem freedom-fighters.

Another report said some 10,000 Soviet troops are approaching the beleaguered Afghan army garrison at Barikot, which faces the Pakistani outpost at Arandu, a mile (2 km) inside the border, Afghan rebel sources in Peshawar said.

The troops, who led an

offensive in Afghanistan's eastern province of Kunar May 14-16, aim to break the year-long siege by Afghan rebels of Barikot, which faces the Pakistani border outpost of Arandu.

Soviet gunships and jets are bombing the area to pave a path for their 10,000 advancing troops, who are within 15 miles (24 km) of Barikot, the rebels said.

Northern Pakistan is feeling the effects of the Soviet offensive, described as the most powerful so far, they said.

Afghan Soviet-made MiG aircraft intruded into Pakistani airspace over Chitral Monday morning, Lt. Col. Murad Khan Nayyer told reporters flown to the scene to see the devastation at Swir village, 15 miles (25 km) northwest of Arandu.

He did not specify where the incursions took place.

Last Friday, two Afghan MiGs dropped 13 bombs on the hamlet, killing 13 people and injuring 32 others.

A witness said the aircraft carried out eight sorties and stayed in Pakistani air space for about 35 minutes.

Journalists were shown craters in fields strewn with debris. They saw two Soviet-made bombs, each weighing

about 500 pounds (230 kg) one of which was found in a wheat field and the other in a home.

Another witness, Qadir Mohammad, said, 'I saw some of the bombs exploding and falling in Chitral river. Swir is located on the banks of that river.'

Aziz Khan, a doctor who examined some of the victims of the bombing in the civilian hospital at nearby Darosh, said most of the injured were hit with shrapnel.

The physician said he had treated 24 victims of the bombing and had transferred four of them to the district hospital at Chitral.

For the second day in a row, the bombing of Swir was condemned by members of the National Assembly in Islamabad.

A high U.N. official said Tuesday all parties in the Afghan conflict agree that a military solution is not possible and he is 'encouraged' that a diplomatic one will be reached.

Diego Cordovéz of Ecuador, U.N. undersecretary-general charged with helping to negotiate a peaceful end to the Afghan crisis, told reporters he found out during a visit last week 'there is a strong desire in Pakistan and Afghanistan for a negotiated solution.'

BANGLADESH

CORRESPONDENT'S INTERVIEW WITH PRC AMBASSADOR

Dhaka HOLIDAY in English 24 May 85 pp 1, 3

[Article by Achintya Sen]

[Text]

The Chinese Ambassador in Bangladesh has said Bangladesh and China have great potential to further develop friendship and cooperation between the two countries on the basis of five principles of peaceful coexistence.

In a conversation with Holiday on Sunday, Ambassador Xiao Xiang-Qian (69) observed that the two countries have established a 'mature and close relation which is characterized by age-old history of exchanges.'

On South Asia, he said, China opposes big countries pulling small ones and it hopes that South Asian countries can develop neighbourly and friendly relations among themselves on the basis of equality and mutual benefit.

Dealing with Sino-Soviet relations, the Ambassador said if there has to be a real normalization between the two "Socialist" countries, three obstacles must be removed because these constitute a threat to China. He said, "If it is difficult for the Soviet Union to remove three obstacles at the same

time, we think they can be removed gradually. Or, they can start with removing one of the three. It looks like it is easier for the Soviet Union to make Vietnam withdraw its troops from Kampuchea."

Below are the details of the conversation :

Holiday : How do you describe the current state of relations between Bangladesh and China ? It is almost 10 years since Bangladesh and China established diplomatic relations and during the period there has been contacts between the two countries at various levels including summit-level contacts. Do you think these exchanges have helped foster a close relation between the two countries ?

Xiao Xiang-Qian : In the past decade since we established diplomatic relations the friendly contacts between two governments have greatly increased. The visits by heads of state are very helpful for mutual understanding, mutual trust, friendship and cooperation. Both the countries have benefited from these

visits for the development of respective countries.

Many diplomatic observers noticed that there is profound goodwill between two countries. This is a fact; what is more we have established a mature and close relation between our two governments and two peoples. Such relation is characterized by 2000-year-old history of exchanges between the two countries. What we have between us is the friendly mutual help and no enmity.

Since the establishment of diplomatic relations between China and Bangladesh we have consistently strengthened

ties between us, according to five principles of peaceful co-existence. Not any treaty or agreement can reflect such close ties between us. But in view of the prospect for developing friendship and cooperation between the two countries, it is true we have a great potential. What we want to do and will be able to do is a lot. Everybody is not satisfied with the present status quo. So in this regard we must further strengthen and consolidate the relations between two countries in various fields. We hold that both the countries should benefit from the co-operation between the two

countries according to the principles of equality, mutual help, stress on the practical result, diversified forms and common progress.

Both our countries are developing ones belonging to the Third World. It is the top priority for us all to build up the economy, develop production and to improve the living standard of the people. We have already made some efforts in this direction and have scored achievements. The problem is how to make further efforts and get results according to the realities of our both countries.

Q: You must be well aware that barter trade between the two countries has been extremely adverse for Bangladesh. How do you think this situation can be rectified?

A. The trade between the two countries has been developing each passing day. The implementation of the barter trade is fair and reasonable. The implementation of the last eight barter trade agreements is fairly good and the barter trade is basically balanced. When the imbalances occur, such imbalances will be liquidated by the payment of cash, according to the agreement. The balance is not adverse for Bangladesh side. As for cash trade, it is decided according to the temporary demand or need. The imbalance of barter trade is unavoidable. In the long run, we need to develop export-import oriented goods in order to balance the trade between us.

Q: President Ershad is leaving for China on May 29 on a 5-day state visit. Diplomatic observers here attach much political significance to it. Do you think this visit has the potentiality of raising further the level of cooperation and friendship between the two countries?

A: President Ershad will leave for China on May 29. Such a visit will surely further cement the coopera-

tion and friendship between the two countries. In the last two and half years since the previous visit made by President Ershad, there is a big development in the relations of friendship and cooperation between our two countries.

At a time when our country is going all out for economic-system reform and also when Bangladesh has made big achievements in developing its economy,

the President is going to China for visit during which both sides can exchange experiences. Such exchange of experiences will further effectively consolidate our cooperation. Of course, the political and diplomatic friendly cooperation can reach ever high level through the visits of the heads of state between our two countries. The exchange of visits is also beneficial to the peace, stability and common prosperity of Asia.

## SOUTH ASIA

Q : What is your policy on South Asia ?

A : We hope the South Asia region is peaceful and stable and also we wish to develop neighbourly, friendly, equal and mutually beneficial relations. And it is also our hope that countries in the region can develop such relations. It is our consistent attitude that the countries, either big or small are equal. We oppose big countries pulling small ones.

Q : In your opinion, what prospects are there for the South Asian Regional Cooperation (SARC)?

A : We very much appreciate the advocacy of the SARC put forward by late President Zia five years ago and also we are happy to see such cooperative relations are continuously developing through various meetings and conferences at different levels. The recent foreign ministerial conference of the SARC countries which was held in Bhutanese capital Thimpu, is fruitful. The meeting also decided that the first summit of the SARC will be held in the coming December 7 in Dhaka. This is a significant progress.

Q : The relations between China and India are far from normal. And all the initiatives have bogged down on border question. Do you visualize any improvement of relations with India under the new Indian leadership of Prime Minister Rajiv Gandhi?

A : The Sino-Indian relation was excellent during [passage illegible] and there has been increase of exchanges in various aspects between our two countries.

After Prime Minister Rajiv Gandhi came to power, he has expressed that there shall be a big progress in improving the Sino-Indian relations. The Sino-Indian relations shall be restored to that of fifties or even better than that. That is also our hope.

It is a common knowledge that five principles of peaceful co-existence were advocated by China, India and Burma jointly. With the spirit of these five principles, we can expect to improve effectively the relations between the world's two most populous coun-

tries. The improvement of relations is not only in the interest of China and India and the two peoples, it is also helpful for the peace and stability.

#### SOVIET UNION

Q: You have stated that three major obstacles—Soviet military presence in Afghanistan, Soviet support to Vietnamese policy in Kampuchea and stationing of one million Soviet troops along China's border in Mongolia—impede the Sino-Soviet normalization process. Would you insist that all these obstacles have to be removed first before you make any positive deal with the Soviet Union, or you will act if in your overall assessment you feel that Soviet threat to China's security has diminished. In other words, would you be flexible in dealing with the Soviet Union?

A: Both China and Soviet Union are Socialist countries. We enjoyed comradely relations in the war against fascists and our liberation war period. In the initial stage of our socialist construction, the Soviet Union extended its economic assistance to us. We also reciprocated. There was a profound friendship between the two peoples of China and the Soviet Union. Later on, because of twists and turns the relations became abnormal. We want to establish and develop the neighbourly friendship on the basis of five principles of peaceful co-existence. We hope the Sino-Soviet relations will be further improved through the joint efforts of the two countries.

If there has to be a real normalization between the two countries, three obstacles, which are known to all, must be removed because these three obstacles constitute a threat to China.

If it is difficult for the Soviet Union to remove all the three obstacles at the same time, we think they can be removed gradually or they can start with removing one of the three. It looks like it is easier for the Soviet Union to make Vietnam withdraw its troops from Kampuchea. It will do no harm to the Soviet Union if it does so. The Soviet Union can still maintain its relation with Vietnam. If Soviet Union adopts a wise attitude they can start with this point.

Q: You simultaneously refer to the Soviet Union as a Socialist and hegemonic country. Does it not sound contradictory?

A: The Soviet Union itself is a land of contradiction. Maybe they are using the Socialist economic base at home for hegemony abroad.

Q: There has been a recent press report that the sixth round of Sino-Soviet normalisation talks last month nearly broke down. If it is true, what are the reasons?

A: The recent Sino-Soviet consultation was held in a frank, peaceful and serious atmosphere. Both sides elaborated on their attitudes towards normalisation between the two countries. Both sides expressed their hope to continuously improve the Sino-Soviet relation and the willingness to expand the contacts and exchanges in the fields of politics, economy, trade, science and technology and culture. Both sides holding consultations and dialogues are beneficial. The next round of consultation would be held in the coming October in Beijing.

#### USA

Q: In the last one and half decade there has been

big improvement in Sino-US relations. Do you think the development of this relation helps modernize China?

A: The Sino-American relations have gradually improved since the signing of the Shanghai Communiqué in 1972 when former US president Nixon visited China. The establishment of diplomatic relations between the two countries was a major progress in 1979. There has also been big improvement afterwards. To develop the Sino-American relations is not only in the interest of China's modernization, it is also helpful for the United States to expand its markets. In view of the various aspects, it is in the interest of the two countries and two peoples. It is also in the interest of peace and stability in the world.

Q: What are the problems faced by China in further improving relations with the USA? Does Taiwan still pose a serious problem?

A: There exists a grave obstacle hampering the development of relations between China and the USA and that obstacle is Taiwan issue. On the one hand the United States recognises that Taiwan is a part of Chinese territory but on the other its Senate passed the Taiwan Relations Act and also it sells large quantity of arms to Taiwan. These actions violate the principles governing the establishment of diplomatic relations. So Taiwan issue is hampering the further development of Sino-US relations.

Q: You have successfully resolved Hong Kong question on the basis of "one country, two systems policy". Can you not make any headway on settling Taiwan issue in a similar way?

A: China successfully used the method, "one coun-

try, two systems" to solve the Hong Kong problem. Such method is recognised by all as an example to solve the problems left over by history. The Sino-British agreement stipulates that Hong Kong will be run by the Hong Kong people 12 years after the signing of the agreement. This is highly praised by the whole world. Such solution is also enlightenment to the Taiwan issue. That means Taiwan issue can be solved accordingly.

Of course, the solution of Taiwan issue is different from that of Hong Kong. The restoration of sovereignty is not involved, but the realisation of the unification of motherland. In this regard the solution to Taiwan issue is more generous than that of Hong Kong. That is to say the Taiwan authorities can retain its armed forces.

We believe that the solution of Taiwan issue can be spread out from now on. We hope that Taiwan authorities should become wise enough and we also hope that the concerned countries remove the obstacle to the solution of the Taiwan issue.

#### WORLD WAR

Q : Is there any danger of third world war breaking out in the near future? What is your strategy in defending world peace? Which superpower or issues you consider as the main source that may plunge the world into another world war?

A : The overwhelming majority of countries and people of the world are against war. Only America

and the Soviet Union have the ability to launch world war. The U.S.A. and the U.S.S.R. are consistently developing arms and making preparations for war. And they are contending for world hegemony in many places of the world. That constitutes the source of war. After the Second World War local wars have never stopped. These may lead to the world war.

However, we should see that the people of the world, including the American and Soviet peoples, are making efforts in the maintenance of peace and in the opposition to war. The Third World countries are making efforts to build their own respective countries. For this they must oppose war. Many developed countries are against war for development and for their own existence. Therefore, one can say the forces of peace has surpassed the forces of war. That's why the peace can be maintained. The Third World War can be stopped through the efforts of safeguarding peace and opposing war. We are making efforts towards this goal.

Q : Are you opposed to improved relations between the USA and the Soviet Union?

A : We do not oppose. The improvement in Soviet-US relations is good for relaxation of international tension.

#### MAO

Q : What is your present evaluation of Mao Ze-dong?

A : We consistently hold that Mao Ze-dong was a great Chinese revolutionary. China would have been in the period of dark without his wise leadership. The victory of the Chinese democratic revolution, the foundation of the People's Republic of China, the initial success in the socialist transformation and construction was due to the leadership of Comrade Mao Ze-dong. His philosophy of seeking truth from facts will remain forever the beacon lightening our way forward.

In his late age, Mao made some mistakes because he himself divorced his own principle of seeking truth from facts. But these mistakes are secondary compared to his achievement. We ardently respect him. We have corrected his mistakes, according to the principle of seeking truth from facts.

Starting from the reality of China we have formulated three tasks which are our basic policy. These three tasks are following : (i) speeding up socialist modernization, (ii) striving for the unification of our motherland which means solving the issue of Taiwan, and (iii) opposing world hegemony and safeguarding world peace. This is Comrade Deng Hsiao-ping's instruction.

Comrade Deng Hsiao-ping always tells us that he himself was nursed by Mao Ze-dong. Mao Ze-dong's thought was jointly created by many revolutionaries headed by Mao Ze-dong. It will forever remain guiding ideology of ours.

### Opening Policy

Q: Since 1978 you have been pursuing the policy of vigorously opening to the world and you have emphasised that Chinese socialist modernization ought to make use of both internal and external resources and open both the domestic and foreign markets. Have you gained positively from these new policies?

A: Summing up the experiences and lessons since the founding of New China, we have formulated the policy of opening to the outside world and invigorating the economy at home and our socialist modernization since 1978. The past five years' practice has proved that this policy is correct. First of all, we achieved great successes in the countryside. The peasants are getting richer and richer quickly. That created a gigantic domestic market. From last year on we started all-round economic structure reform in the cities. We are convinced, we are sure to win great victory three or five years later. All these reforms are going on at the same time with the implementation of policy of opening to the outside world.

We established four special economic zones. Later on we opened in coastal cities and we have established some economic structures which will be facing outside world. After implementation of this policy, we have [passage illegible]

The experience has proved that the opening policy is not only in conformity with our situation but is also a necessary policy to adopt in view of theory. The socialist construction can be completed only by relying on all the good points from every respect. It is impossible to build a society which is superior to capitalist society without opening to the outside world.

Q: Some of China's friends in various countries are worried that this open-door policy may lead to the restoration of capitalism in China. What is your comment?

A: Of course, the decadent capitalist ideology will come along with the implementation of the opening to outside policy, or one should say this is unavoidable. That's why we are carrying out the education of socialist spirit and civilization and we will be marching forward to the realm of socialist ideology on the basis of strictest materialism. As to some people, who are suspecting the change of our policy, they should not be overworried because nobody can change the correct policy. If we change, we will change for the better, which means the better to implement this opening policy.

### YOUNGANISATION

Q: You are encouraging young people to take up important positions in the party and the state though central leadership is still dominated by first generation revolutionaries. When do you propose to implement this policy or is it already in force?

A: The young organisation is a natural trend. It's necessary to continuously raise or nurse the young people to take up the important posts of party and state leadership in order to meet the demand of talent required by the socialist modernization. Of course, young organisation should go together with revolutionaziation and

equipped with technology and specialization. We are carrying out this policy in a big way and we will concentrate to solve this problem at the party's national representative conference which will be held in September next. Afterwards the organisation of cadres will become system, which we will insist on.

#### BANGLADESH

Q : Now a personal question. How do you enjoy your stay in Bangladesh ?

A : I like Bangladesh very much. Here the scena-

ries are beautiful and the climate is moderate. And here is the rich golden delta of South Asia. And Bangladesh is a country with Asian civilization and big potentialities for development. I have boundless hope for this country and I think pessimism is groundless. Bangladesh has gradually become a big country from a small state of ancient times and Bangla has official and popular exchange with China since two thousand years ago, which means we have sincere trust on each other.

Now the Bangladesh government under the leadership of President Ershad has developed such friendly cooperation with the Chinese government which was never seen before. At this time I as ambassador to your country feel greatly honoured. I have enjoyed the great hospitality accorded to me by President Ershad. I feel more honoured that very soon I will go back to my country for receiving the government delegation headed by President Ershad.

I am very happy living together with many old and new friends. Therefore I am in high spirits. I want to do many things. I myself admit I am optimistic and I will do my best as China's ambassador in consolidating friendship between China and Bangladesh.

CSO: 4600/1663

BANGLADESH

ERSHAD ASKS IRAN, IRAQ TO LAY DOWN ARMS

Dhaka THE BANGLADESH TIMES in English 26 May 85 pp 1, 8

[Text] President Lt Gen H.M. Ershad on Saturday made an appeal to both Iran and Iraq to lay down arms upholding the spirit of Holy Ramzan, reports BSS.

He was addressing the officers and sailors of Bangladesh Navy at an Iftar Party at BNS Haji Mohsin in Dhaka.

The President said that he was making the appeal on behalf of the people of Bangladesh, a brotherly Muslim nation.

'Ramzan teaches us self-sacrifice, restraint and spirit of brother,' he said, adding: 'In the light of these spirit, the entire Muslim ummah expects that the warring sides in the Gulf will stop further bloodshed.'

President Ershad said Bangladesh firmly believed in the unity and solidarity of the Muslim world and it had been playing an active role to bring peace to the Gulf region and in the Middle East.

Gen Ershad said together with the people the Armed Forces were unitedly marching forward to achieve the cherished goal of building a happy and prosperous new Bangladesh.

He referred to the severe cyclonic storm which lashed the coastal belt and off-shore islands on Friday night and Saturday morning and said that with faith in Almighty Allah, we would face it with patience and fortitude as we had done before. All possible measures would be taken to mitigate the sufferings of the affected people, he assured.

The DCMLA and Chief of Naval Staff, Rear Admiral Sultan Ahmad presented a crest of BNS Haji Mohsin to the President.

The PSO to the CMLA Major General M. Atiqur Rahman and high ranking officers of the Naval headquarters were among others present on the occasion.

CSO: 4600/1665

BANGLADESH

TRIBUNALS ESTABLISHED TO REVIEW ELECTION PETITIONS

Dhaka THE NEW NATION in English 25 May 85 pp 1, 8

[Text] The Election Commission, in a gazette notification yesterday announced the appointment of 62 election tribunals for trial of the election petitions in connection with the recently concluded upazila parishad chairman elections, reports BSS.

These appointments have been made under Section 21 of the Local Government (Upazila Parishad and Upazila Administration Reorganisation) Ordinance 1982.

The Sub-Judges in the district headquarters have been appointed election tribunals for the districts concerned. There being no Sub-Judges in the three districts of Rangamati, Khagrachari and Bandarban, the three Deputy Commissioners thereof have been made the election tribunal for their respective areas. Besides, the election tribunals of Sylhet, Magura and Naogaon districts will also act as the tribunals for the districts Habiganj, Narail and Bogra respectively where there are no subjudges at the moment.

No election of chairman of upazila parishad shall be called in question except by an election petition under Sub-Section (2) of Section 20 of the aforesaid ordinance. Any candidate may make election petition challenging the election at which he was a candidate.

Rule 44 of the Upazila Parishad (Chairman Election) Rules 1983, provides that an election petition is to be presented to the tribunal within 30 days next after the publication of the names of the returned candidates in the official gazette.

The election petition is to be presented to the tribunal either by the candidate in person or by a person duly authorised by him in writing in this behalf.

Every petition shall be accompanied by a receipt showing deposit of one thousand taka in a government treasury or sub-treasury or in any branch of the Sonali Bank in favour of the returning officer as security for the costs of the petition.

Rule 45 of the aforesaid rules provides that the petitioner may claim before the election tribunal any of the following declarations as relief:

That the election of the returned candidate is void and that the petitioner or some other person has been duly elected, or that the election as a whole is void.

An election petition may be withdrawn by a petitioner at any time during the course of the trial.

According to Section 23(3) of the ordinance, the decision of the election tribunal on an election petition shall be final and shall not be called in question in or before any court.

CSO: 4600/1664

BANGLADESH

## IMPORT IN PUBLIC SECTOR FALLS DUE TO DISINVESTMENT

Dhaka THE NEW NATION in English 29 May 85 pp 1, 8

[Text]

The DCMLA and Minister for Commerce, Air Vice Marshal Sultan Mahmud, said in Dhaka yesterday that gradual increase of industrial import in the private and its decrease in the public sector were the result of vigorous disinvestment policy of the present government, reports BSS.

The DCMLA was inaugurating a meeting of the consultative committee on import at a hotel in Dhaka.

The meeting held to exchange views on the import policy for the next year was attended, among others, by the high officials of the Ministry of Commerce, Bangladesh Bank, National Board of Revenue, Bangladesh Shipping Corporation and representatives of different chambers and trade bodies in and outside Dhaka.

Air Vice Marshal Mahmud outlined the steps taken by the government import policy and the new industrial policy consistent with and complementary to each other. He also enumerated the steps to rationalise the import policy keeping in view the growth of industries in the country.

The Commerce Minister told the meeting that Taka 3862 crore was made available for import in 1983-84. Of this sum, taka 3233 crore representing 84 per cent of the sum was utilised during the first ten months of the current year. Taka 3309 crore, out of

allocation of Tk 4007 crore, that is 83 per cent of the allocation, had been utilised. In terms of taka, the rate of utilisation during the first ten months of the current year is 25 per cent higher than the corresponding period of last year, he added.

The DCMLA noted that industrial import in the private sector during 1982-83 was 22 per cent of the total import. The volume in the first ten months of 1983-84 was 29 per cent. It would be 34 per cent during the current fiscal year, he said.

In this connection, he pointed out that the import bill on account of fuel would be 23 per cent of the country's total import this year as against 26 per cent in 1983-84 and 37 per cent in 1982-83.

The Commerce Minister stated that the import trend in 1983-84 and during the current year with cash money, foreign aid and under Wage Earner Scheme was more or less satisfactory. But the import under the barter trade was every discouraging. Utilisation of funds in the public and private sectors of barter trade in the first ten months of 1983-84 was 63 and 13 per cent respectively. During the first ten months of the current fiscal year the ratio would be 31 and 17 per cent, he said adding, that government had taken some steps to reverse the 'disappointing trend'.

The Minister told the meeting that draft lists such as 'not

importable' and 'importable under condition' had been incorporated in the import policy to bring about radical changes in the import system. These two lists would be finalised in the light of recommendations of various chambers and trade bodies.

He referred to the measures taken by the government to ensure the supply of essential goods at reasonable prices to the members of the public.

Air Vice Marshal Mahmud held out the assurance that interests of small importers and underdeveloped areas of the country would be looked into and matching steps would be taken.

In his speech, the Commerce Secretary Hasan Ahmed defended the barter trade for augmenting the volume of export and refuted the allegation, with the help of figures in some circles, that import of industrial raw materials was not satisfactory in the past.

Earlier Mr M A Sattar, President, Bangladesh Federation of Chambers of Commerce and Industry, Mr. Mahbubur Rahman, President Dhaka Chamber of Commerce and Industry, Mirza Abu Monsur, President, Chittagong Chamber of Commerce and Industry and other representatives of different trade spoke at the meeting and suggested measures to make the next year's import policy more dynamic suiting the needs of the country.

CSO: 4600/1667

BANGLADESH

REPORT, COMMENT ON REGIONAL COOPERATION MEETING

Delegate Meets Press

Dhaka THE NEW NATION in English 18 May 85 pp 1, 8

[Text] Foreign Affairs Adviser Humayun Rasheed Choudhury has said the seven-nation South Asian Regional Cooperation (SARC) has now taken "a very constructive shape."

Talking to newsmen at the Zia International Airport yesterday afternoon on his return from Bhutan after attending the third SARC foreign ministers' meeting, the adviser said the South Asian nations made significant headway and attained 'great progress' in the formation of a regional cooperation forum.

Replying to a question whether the mutual suspicions and distrusts due to prolonging the bilateral issues between some member countries would jeopardise the objective of the SARC, he said it had been found that all the member countries were enthusiastic and eager for regional cooperation.

Mr Choudhury expressed the hope that the regional cooperation would rather make further progress and help solve other problems including bilateral ones.

He said though the bilateral problems were not supposed to be discussed at the SARC forum, cooperation among the South Asian nations on a regional basis would contribute to reversing "trend of distrust" and help improve bilateral relations between the countries of the region.

Without dismissing that problems exist particularly between India and a number of countries in the region, the adviser said, "cooperation on a regional basis can sort out bilateral problems."

"We shall be failing the future generations if we can't reverse the trend of mutual distrust," Mr Choudhury remarked.

About the delayed Sri Lankan participation in the Thimpu meeting after an initial boycott in protest against Indian statement on Colombo's internal problems, the Foreign Adviser said the participation had showed the inherent

strength of the SARC idea. He also mentioned his long telephonic conversation with the Sri Lankan Foreign Minister before he had flown to Bhutan for participation.

Mr Choudhury said the Thimpu meeting finalised the date for holding the first ever SARC summit in Dhaka on December 7 and 8 to launch the forum formally since it was mooted by Bangladesh in 1980.

The Foreign affairs Adviser said the SARC summit in Dhaka will not only be "a momentous one" but also "a thumping success." Bangladesh was determined to ensure its success, he added.

Mr Choudhury said the Thimpu foreign ministers meeting discussed the possible outcome of the forthcoming summit and finalised some draft documents to be placed before the summit of the heads of state and government of the seven South Asian countries in Dhaka in December.

Bangladesh, being the host, has been entrusted with the task of preparing the draft documents which Mr Choudhury said would be done in consultation with the member countries. "We are working in this regard."

The Foreign Adviser said he had extended invitations to the seven countries on behalf of President Ershad during the Thimpu meeting for the summit.

He described the SARC as an initiative for regional cooperation for betterment of the one-fourth of the world's population living in this region and added, "We have turned a new chapter in the relations among the countries of the region and we have to make the atmosphere for fruitful cooperation."

Replying to a question, Mr Choudhury said as many as nine fields had already been identified for the regional cooperation and other areas of cooperation would also be worked out within the framework of the regional cooperation.

Asked if the SARC will be competent to deal with the bilateral problems between the members states, the Adviser said "bilateral issues will remain bilateral." The SARC was a framework of cooperation among the member states on multilateral basis, he added.

Replying to another question on Indo-Bangla talks on the Ganges issue, Mr Choudhury said the Indian Irrigation Minister would be in Dhaka sometime this month to discuss the issue.

He said he had talks with Indian State Minister for External Affairs Khurshid Alam Khan in Thimpu and discussed the bilateral issues with him.

He told another questioner that he found in the Indian minister and other Indian leaders whom he had met in Delhi during the recent non-aligned on Namibia "a genuine willingness to resolve the bilateral problems."

Asked why the Irrigation Ministers of the two countries could not hold their meeting before the current dry season, the Adviser said India had assured of sending its Irrigation Minister this month for the meeting.

It may be mentioned here that the dry season began on January one last and will end on May 31 during which Bangladesh has been deprived of her due share of the Ganges waters as there was no agreement or understanding on the sharing after the expiry of the Memorandum of Understanding on May 31 last year.

Asked whether he expected the formal launching of the SARC to be smooth or affected by the outstanding bilateral problems, Mr Choudhury said 'political will exists between Dhaka and New Delhi to solve the bilateral problems.'

He said Foreign Secretary Faruq Ahmed Choudhury will go to Delhi to take up the whole gamut of bilateral relations with his Indian counterpart soon with a view to resolving the problems.

The Foreign Affairs Adviser who led the Bangladesh delegation to the Thimpu meeting also exchanged views with other delegation heads during his stay in the Bhutanese capital.

He also praised Bhutan for excellent arrangements for hosting the meeting.

#### SARC Summit Welcomed

Dhaka THE BANGLADESH OBSERVER in English 20 May 85 p 5

[Editorial]

[Text]

Dhaka is to have the honour and pride of holding the first ever SARC summit on December 7 & 8, this year. It will mark the formal launching of the forum, the idea of which had been mooted by Bangladesh in 1980. We share both the pride and honour. At the same time we feel the urge to evaluate the role and effectiveness of this regional cooperation forum in the light of the exchanges at the airport press conference on Friday over the scope of the SARC for settling outstanding issues between the SARC countries. These are mostly of a bilateral nature and include both old and new ones. And the countries involved with them are principally Bangladesh, Pakistan, Nepal and Sri Lanka vis-a-vis India.

Among the questions raised at the Airport Press Conference, following the SARC conference in Thimpu, were: how far the SARC would help solve bilateral issues, particularly those between India and a number of countries in the region. The answer received from the Bangladesh representative addressing the conference pointed to the possibility of the 'trend of distrust being reversed'

and relations improving between the SARC countries. We would like to share the optimism while trying to examine in some depth such prospects, keeping in view the fact that so far SARC has been avowedly designed to deal with multilateral rather than bilateral issues.

The fact is over the past three years of SARC's existence, with the three conferences so far held (Delhi, Maldives and Thimpu), the kind of climate necessary to produce solutions of bilateral disputes has not been created. Rather the contrary: Relations between India and Pakistan have further deteriorated; the water dispute between Bangladesh and India has reached a stalemate following the absence of a fresh agreement over the Ganges waters since the expiry of the Memorandum of Understanding on May 31 last year, resulting in Bangladesh being deprived of its share of water during the entire dry session; relations between India and Sri Lanka have worsened the latter blaming Tamil insurgency on alleged Indian involvement. This would show that the atmosphere of regional goodwill that a regional forum like SARC should have created has helped not at all in creating. The question therefore is how far with the bilateral issues vetoed out of the SARC, the needed conditions or political will shall have emerged in the future, even following the formal launching of the forum. The easy guess is the lame-duck role of the past may perhaps be continued.

Lest this should be so, a regional cooperation body like the SARC has to aim principally at the establishment and strengthening of regional peace. And the peace can result only from the settlement of the hitherto unsolved disputes. And the effectiveness of SARC for now and for all time to come will be determined by the measure of its success in achieving this. This would also give a tangible purpose to this collective regional association. Leaving these bilateral disputes where they are it is difficult to see how the SARC will have served any useful purpose.

Bogged down to the hitherto ineffectual bilateral level treatment, the problems have neither been solved, nor can they be taken to international forums for world opinion and leverage toward just settlement. Bilateral disputes in parts of the world, such as Iran-Iraq war, Afghanistan, Cambodia and Palestine have been the subjects of discussion at the UN general assembly as well as the Security Council. There is also the international court of justice at the Hague to adjudicate upon disputes between two countries. Similarly the European Parliament at Straussberg in Vienna

hears bilateral disputes of European nations. Asian counterparts to global or European regional forums could be purposive only when they can include within their scope all issues, both bilateral and multilateral. The line dividing the two sets of subjects is artificial, at best, and essentially negative, at worst. For, knocking the bottom off regional cooperation the very meaning and purpose of co-operation may be lost.

If this is the sombre conclusion to be drawn from a realistic analysis of the current position of SARC as a concept and goal, the imperative is to review in right earnest the prospects of the organisation, keeping in view the way in which it can be made really effective in opening 'a new chapter' of cooperation in the relations of SARC nations. That is the really "constructive" role that SARC is expected to play in building regional peace through both bilateral and multilateral cooperation.

CSO: 4600/1658

BANGLADESH

FOREIGN EXCHANGE LOW, DEPRECIATION FORESEEN

Dhaka THE BANGLADESH OBSERVER in English 19 May 85 p 1

[Text] Bangladesh is likely to enter into a fresh deal under standby arrangements with the International Monetary Fund (IMF). With mounting pressures on the country's foreign exchange reserves originating from a surge in food imports, external debt servicing and debt amortization, repayments of short-term borrowings and drop in remittance glows, the new standby arrangements with the IMF are being sought to meet the requirements of balance of payments needs. The reserves will be down to 380 million US dollars in June '85 from 520 million dollars in June '84. The projection for 1985-86 suggests further depletion of the reserves to 300 million dollars in June '85.

Against this backdrop, a fresh deal under standby arrangements with the Fund will be worked out.

A six-member IMF team is scheduled to arrive in Dhaka on May 24 to hold negotiations with the Bangladesh authorities on standby drawings. A standby arrangement gives the member an assurance that it will be able to make drawings on the Fund up to a specified amount during a given period without further review of its performance and policies as long as it has observed the performance criteria and other items included in the arrangements. Standby arrangements, to recall here, have traditionally been for one year. However, with the increase in scale of imbalances relative to trade and Gross National Product (GNP) in the middle and late 1970s and the need for longer periods of adjustment, the Fund decided in 1970 to allow arrangements up to a maximum of three years if this enabled the member to implement its programme of balance of payments adjustment successfully.

According to knowledgeable circles, the discussions with the IMF team will cover various areas under the usual IMF performance criteria like exchange rate policies, monetary and credit situation, price situation, export earnings, import operations etc.

### Exchange Rate Adjustments

Bangladesh is reported to have given an understanding that further moves for exchange rate adjustments would be taken till December next. The indication, according to a report, has been that taka would be depreciated by about 15 percent between April and December 1985. Already the official rate of exchange for one US dollar was raised in April last from Taka 26.59 to Taka 27.09.

On the monetary front the broad money registered an increase by 13.8 percent during the first 10 months of the current fiscal year (1984-85). The overall annual monetary growth during the current fiscal year is now expected to be kept within 15 percent.

About the price situation the latest available figures from Bangladesh of Statistics suggest that the Dhaka middle class cost of living index reflecting the broad price indicator in the country had shown an increase of over 11 percent during the first nine months of the current fiscal year. The overall annual inflation rate in 1984-85 will be between 12 and 13 percent according to some official sources. The World Bank has, however, indicated recently that the annual inflation rate in Bangladesh in 1984-85 would be around 14 percent.

In the foreign trade sector the prices of imported goods have not registered much of an increase and the average import price index is likely to remain unchanged in 1984-85. But the export price index has registered some interesting changes. In case of non-traditional exports, the related price index had shown a decline by about six percent but the volume-wise exports of such goods had recorded a rise by about 16 percent during the current fiscal year. The export price index of traditional items like raw jute and jute goods had so far this year recorded a rise of about 14 to 16 percent but the volume-wise exports of such items showed a decline.

CSO: 4600/1659

BANGLADESH

ERSHAD CHAIRS MEETING ON MONEY, BANKING, CREDIT

Dhaka THE BANGLADESH OBSERVER in English 23 May 85 p 1

[Text] A high level meeting on money, banking and credit was held at Bangabhaban on Tuesday with President Lt Gen Gen H.M. Ershad in the chair, reports BSS.

The discussion centred round the questions relating to the national economy with the main thrust on fiscal and industrial policies and taxation structure.

The overall performance of banks and other financial institutions also came up for discussions. It laid special emphasis on the timely realisation of bank loans, particularly the bad credits. The meeting opined that the debtors of this loan must be identified and measures taken for the early recovery of such loans.

President Ershad underlined the importance of further revitalising the national economy. He said time has now come for us to take some drastic steps and hard measures for infusing new life and vigour into the economy.

The President said care should be taken to ensure maximum utilisation of capacities in industrial and other income-generating concerns.

He said we should also be very careful in the selection of projects and avoid as far as practicable expenditures on unproductive sectors.

The President particularly emphasised the need for popularising indigenous products. He said we should go for manufacturing products including electronics in Bangladesh and discourage their mere assembling.

The Planning Minister, Dr A. Majeed Khan, the Minister for Energy and Mineral Resources Mr Anwar Hossain, the Finance Adviser, Mr M. Sayeduzzaman, the Governor of Bangladesh Bank, Planning Commission members, secretaries of relevant Ministries and PSO to the CMLA were among those present at the meeting.

The meeting which was inconclusive will be held again.

CSO: 4600/1662

BANGLADESH

**DHAKA SEMINAR DEPLORES INDIA'S 'BIG BROTHER STANCE'**

Dhaka THE BANGLADESH OBSERVER in English 20 May 85 pp 1, 8

[Text] Speakers at a seminar on India's policy fundamentals, neighbours and post-Indira developments, held on Sunday stressed the need for the pursuance of foreign policy by South Asian countries aimed at removing the 'big brother syndrome' by India and persistent 'India-phobia' by the neighbouring countries in order to promote beneficial bilateralism in political, economic and social fields under the broad framework of South Asian Regional Cooperation (SARC).

The seminar was organised jointly by Bangladesh Institute of International and Strategic Studies (BIISS) and the Department of International Relations of Dhaka University at the auditorium of BIISS. Former Foreign Minister Professor Shamsul Huq presided over the seminar.

Mr Abdur Rob Khan of BIISS presented a paper on 'Post-Indira India and her neighbours' and Mr Imtiaz Ahmed, Lecturer of the International Relations Department of Dhaka University read his paper on 'Class, underlying values and Indian foreign policy role in South Asia.' Former ambassador Mr Tobarrak Hossain, Dr Borhanuddin Khan Jahangir and Dr Mizanur Rahman Shelley made their comments on the papers. Acting High Commissioner of India to Bangladesh participated in the open discussion.

The speakers evaluated Indian foreign policy towards her neighbours with a historico-critical analysis. They advocated that the foreign policy of the South Asian countries should not be security-biased rather it should be guided by the principle of peaceful co-existence and regional cooperation.

In his presidential speech Prof Shamsul Huq said that the outstanding bilateral problems between Bangladesh and India could be solved only with the political will in the two capitals. He was confident that the SARC, mooted by Bangladesh five years back would certainly be able to remove the "atmosphere of mistrust" and set in motion a positive and dynamic policy of regional cooperation.

The former Foreign Minister strongly refuted the comment of Mr B.M. Abbas who said "we have already lost the Ganges, try to save the Brahmaputra."

Prof Shamsul Huq suggested to formulate the country's foreign policy independently rather than making it as a mere "follow-up reaction" to Indian foreign policy.

Mr Tobarraak Hossain observed that the outstanding Indo-Bangladesh issues could not be a security threat to India and he added, further delay in resolving these issues would add to the existing mistrust, suspicion and misperception.

Dr Mizanur Rahman Shelley said that the Indian foreign policy towards her neighbours was guided and influenced mainly by a seized mentality of her fear of territorial security.

In his discussion the Acting High Commissioner of India refuted a certain observation of the speakers and said that India had no intention to turn Bangladesh into a market of her own. "Between neighbours there have to be problems and disagreement" he replied to the comments of the speakers on the delay in resolving the outstanding Indo-Bangladesh problems.

In his paper Mr Imtiaz Ahmed analysed both the class component and the underlying values of India in order to understand the foreign policy-making process of India. Mr Abdur Rob Khan observed in his paper that the post-Indira period witnessed virtually little change in India's stand and polemics towards her South Asian neighbours.

Dr Akmal Hossain, Chairman of the Department of International Relations of Dhaka University gave a vote of thanks after the four-hour lively discussion.

CSO: 4600/1661

BANGLADESH

WRITER DETAILS POOR RETURNS IN PUBLIC SECTOR

Dhaka THE BANGLADESH OBSERVER in English 23 May 85 pp 1, 10

[Article by Reazuddin Ahmed]

[Text] The average return from the investment in public sector enterprises is awfully poor in our country and the overall saving in these enterprises over the eleven years from 1970-71 to 80-81 is virtually nil.

The situation in manufacturing public enterprises is worse where the average annual return from the investment (total assets) is negative which has been estimated at 0.5 percent. The public manufacturing enterprises absorb 41 percent of the total investment in this sector.

The return from financial institutions is however positive and it stood at 2.8 percent annually from the public sector banks and 12.1 percent from the insurance corporations.

The Public Enterprise Sector in Bangladesh accounts for a high proportion of capital formation, foreign exchange earnings and employment in the economy. The negative and poor return from the public enterprises creates pressure on the national exchequer which is to give subsidy for such a huge capital instead of being supplemented.

A study conducted recently gave a very dismal picture about the public sector efficiency and sayings. The study reveals that there are no official figures for total assets in the public sector enterprises except that autonomous bodies wing of the Ministry of Finance have published a compendium of actual balance sheets of autonomous bodies [passage illegible]. The total Book Value of assets of the 48 bodies has been shown at Taka 23,663 crore. The total surplus on this asset over the years from 1975-76 to 83-84 has been estimated at Taka 577 crore. This gives the average annual return on the investment at 1.5 percent. But the manufacturing sector's return remains negative.

The World Bank, as a major lender to autonomous bodies takes a keen interest in their financial viability, especially the manufacturing bodies. Their 1982 report shows gross sales and net profits before tax of the six industrial sector corporations from 1973-74 to 1984-85.

This shows that they lost Taka 14.9 crore over the last twelve years on gross sales of Taka 16 680 crore. The recent study calls it the near break-even but regretted that no asset figures are presented in the balance sheets.

#### Tk 194 cr Loss in Jute Sector

The Jute Manufacturing and Marketing Sector lost Taka 194 crore during the period from 1970-71 to 80-81. Textile Mills Corporation lost [passage illegible] during the same period. The Jute Mills Corporation alone incurred a loss of Taka 145 crore during that period. Bangladesh Power Development Board incurred a loss of Taka 43 crore, Bangladesh Fisheries Development Corporation Taka 31.8 crore and Bangladesh Agricultural Development Corporation Taka 49.5 crore. But the report shows that the Chemical Corporation made a profit of Taka 59 crore, Sugar and Fooding Corporation Taka 51 crore and Bangladesh Shipping Corporation Taka 37.4 crore. Regarding the public sector, Bangladesh Steel and Engineering Regarding the public sector financial institutions the report says the Bangladesh Bank and other nationalised commercial banks made a profit of Taka 191.1 crore during the 11 years ending in 1980-81 [as published]. The Insurance Corporation made a profit of Taka 38 crore and other financial institutions like Bangladesh Samabaya Bank, HBFC and ICB and total profit during this period which stood at Taka 26.6 crore.

#### Study Conducted

Bangladesh Bank undertook a special study on saving in Bangladesh during the period from 1970-71 to 80-81. The study reveals that the saving of the public financial institutions was just enough to cancel out the dissaving of the non-financial public enterprises. The report further says that the overall saving of the Public Enterprises Sector over the eleven years was virtually nil. The main dissaving sectors were jute and textile.

With heavy investment in public sector enterprises it is expected that the development resources required for these units be financed from within. But unfortunately this is very negligible. The Second Five-Year Plan projected that the public enterprises would provide Taka 350 crore at 1979-80 prices for financing some of the projects which accounts for only 2.8 percent of total public sector resource needs.

In India the central public enterprises finance about 20 percent of their growth from their own resources as against the 50 percent for large private enterprises in the country. In Britain the nationalised industries overall self-financing ratio varied between 65 percent and 80 percent in the years 1976-77 and 1979-80.

A study conducted by Dr M.H. Rashid and Dr A.H.M. Bennet of United Nations Department of Technical Cooperation on the public sector enterprises states: "Unfortunately, there are no organised data for public enterprises in Bangladesh. The series mentioned above aggregate their flows on current account but not on capital account. Few corporations prepare fund flow

statements. Self-financing ties can be correctly calculated ties only by reconstructing fund flows from successive balance sheets. The government budget data on Annual Development Programme and how it is financed includes some projects which are financed (partly) from public enterprises own funds but not all.

In 1983-84 actual ADP expenditure by non-financial public enterprises was Taka 1521 crore out of which only Taka 82 crore was financed by the public sector enterprises.

All these reveal the weakness of our public sector which provides 51 percent of manufactured value added and 20 percent employment which absorbs 41 percent of total manufacturing investment. The overall economic situation of the country would have been much better if these public sector enterprises could be run efficiently. The internal resource mobilisation drive could be intensified if the manufacturing units could be made profitable. The disinvestment of the jute, textile and other industries has reduced the quantum of subsidies. But this year the lower prices of carpet backing cloth in the international market forcing the jute mills to ask for subsidy. All out efforts should be made for improving the operations the public sector enterprises to increase the profitability savings and surpluses for further investment.

CSO: 4600/1662

BANGLADESH

GOVERNMENT URGED TO FORMULATE INFORMATION POLICY

Dhaka THE BANGLADESH OBSERVER in English 23 May 85 p 1

[Text] The leaders of the Central Action Committee of Bangladesh newspapers and news agencies in a statement on Wednesday expressed their thanks to President Ershad for lifting the ban on publication of the Dainik Desh and allowing publication of the Khabar as daily reports BSS.

They also recalled the cooperation of Home Minister Major General Abdul Mannan Siddiqui, Information Minister Mr A.R. Yusuf and Energy Minister Mr Anwar Hossain in this regard.

The leaders hoped that the owner of the Dainik Desh would resume publication of the daily immediately by absorbing the journalists press workers and general employees who were working there.

They strongly believed that the assurance of President Ershad regarding resumption of publication of the Daily Janata would withdraw the closure notice of the daily forthwith and refrain from making any other complications and obstructions in the way of immediate resumption of publication of the daily.

They also mentioned the President's categorical assurance to the Central Action Committee leaders at a meeting with him at Bangabhaban on April 8 regarding formulation of a national policy on newspaper industry and a policy of fair distribution of Government advertisements to newspapers. They hoped that the concerned Ministry would intensify its efforts in the formulation and announcement of such policies for unfettered growth of the newspaper industry in the country.

In the statement the Action Committees leaders stressed the need for withdrawal of certain Government restrictions on publication of news in conformity with the Government's announced policy of democratisation and Freedom of the Press. They also called for withdrawal of the ban on publication of the weekly Ittehad and Ijtihad.

CSO: 5550/0111

BANGLADESH

PLAN REVIEW SHOWS DOMESTIC RESOURCE MOBILIZATION POOR

Dhaka THE NEW NATION in English 25 May 85 pp 1, 8

[Article by Syed Badiuzzaman]

[Text] The much-discussed Second Five-Year Plan (SFYP) terminating next month could not make any headway in achieving one of its major objectives--"higher degree of self-reliance through greater mobilisation of domestic resources."

According to a preliminary review, the projected contribution of Taka 4904 crore from domestic resources to the public sector planned outlay of Taka 11,100 crore under the SFYP will decline by more than 20 percent.

The plan objective was sought to be achieved through a strategy of maintaining greater austerity in current expenditure, reduction of subsidy on consumption and agricultural inputs, improvement of the tax collecting machinery and fuller utilisation of capacities and improvement of the management efficiency of public enterprises.

The review pointed out that greater mobilisation of domestic resource was not possible during the SFYP because of some "adverse developments both within and outside the economy" which upset the objective of the plan and thus the actual achievement fell short of what was envisaged in it.

More specifically, the factors responsible for lower mobilisation of domestic resource were fall in imports, stagnation in the flow of aid, particularly commodity assistance that generates counterpart funds, poor performance of public enterprises, underutilisation of capacity in industrial sector and finally failure to contain recurrent expenditure.

During the Second Five-year Plan period, the total revenue receipts have been estimated at Taka 13,865 crore while the revenue expenditure at Taka 10,554 crore leaving a revenue surplus of Taka 3,311 crore. Other receipts during this time stood at Taka 915.21 crore while the net capital receipt totalled Taka 320 crore.

Although the revenue surplus rose by 73.64 percent, 25.72 percent and 26.73 percent respectively in first three years of the plan compared to the benchmark figure, it almost levelled off in the last two years because of relatively higher revenue expenditure mainly for civil administration and extensive rehabilitation and reconstruction work.

Total tax revenue, however, increased by 14 percent to Taka 2,806 crore in 1984-85 in comparison to the benchmark figure. But customs and sales tax which constitute more than half of the total tax collection could not register higher growth due to depressed import demands owing to continued recession in the economy.

The non-tax revenue which accounts for around 20 percent of the total revenue showed an annual compound growth rate of 17 percent in current prices over the SFYP period (1980-85). In 1974-75 and 1979-80 the non-tax revenue registered a growth rate of about 16 percent on the basis of current prices.

In keeping with the objective of the plan on domestic resource mobilisation, a number of upward price adjustments with regard to inputs, outputs and service were made. These measures effectively reduced the rate of subsidy on those items which include fertilizer, paper, natural gas, petroleum products and electricity.

The SFYP visualised containment of the general acceleration in the growth of revenue expenditure since independence and it was accordingly planned that the revenue expenditure would not grow at more than 4.2 percent at the constant price of 1979-80 annually so as to allow public savings to grow in keeping with the development needs of the economy.

However, despite a series of measures undertaken by the government to tighten revenue expenditure, it kept on growing at a faster rate and the real growth to total revenue expenditure rose to 8.1 percent which is almost double the plan's projection. The rate of growth of revenue expenditure would be 18.9 percent if a 10 percent price inflation was taken into account.

The Second Five Year Plan also envisaged achievement of a tax/GDP ratio of 9:5 in the terminal year of 1984-85. But, according to the review, it will not be more than 8:32.

CSO: 4600/1664

BANGLADESH

SHANTI BAHINI WARNED OUTSIDERS CANNOT SOLVE PROBLEMS

Dhaka THE NATION in English 26 May 85 p 5

[Editorial]

[Text]

It is a happy development that the misguided and confused young men of the Hill Tracts have started realising that the solution of their problems does not lie in the armed struggle which they started at the instigation of some over-ambitious leaders. A good number of them, reportedly around twelve hundred, have surrendered to the security forces, since the declaration of general amnesty in 1983. Also a considerable number of them have been apprehended with the spontaneous cooperation of the disillusioned tribal leaders and the peaceloving citizens of the area. The troublemakers are being confronted, everywhere they are met, by the law-abiding tribals. As a result illegal "tax-collection" and other sorts of extortion and harassment by the so-called "Shanti Bahini" have been stopped.

Declaration of general amnesty along with some renovative measures adopted by the Government for the rehabilitation and welfare of the tribals, has provided the members of the so-called "Shanti Bahini" with two options —peace and rational solution on one hand, and, on the other, "struggle" into extinction. The majority of the tribals have opted for peace and are cooperating with the security forces. Conflict between the two rival groups of the "Shanti Bahini"—the 'Pritee' group and

the 'Larma' group—is also hastening their defeat. But there is still a long way to go for total restoration of peace in the area. (Recently a village physician and his wife were killed by Shanti Bahini men of Larma faction at Kabalkhali in Khagrachari district).

Reportedly, the multi-sectoral development activities are now going on in full swing, coordinated by the Chittagong Hill Tracts Development Boards. This pace of development has to be maintained, without causing any backlash and without hurting sentiment of the tribal people on matters of ethnic cultures and beliefs. Sometimes complaints are heard about mismanagement at the receiving camps. It will be really unfortunate if the process of restoring peace in the disturbed area stumbles or is slowed down due to mismanagement and negligence of some, despite all-out efforts and economic involvement on the part of all others. The 'Shanti Bahini' leaders who are still dominated by probable outside influence should also realise that the outsiders, whatever amount of friendship they feign, cannot solve their problem. They should also understand that no responsible government can allow a section of its citizenry to go their own way in defiance of state sovereignty and authority.

CSO: 5650/0178

BANGLADESH

REGIONAL SEMINAR MAKES RECOMMENDATIONS ON ENVIRONMENT

Dhaka THE BANGLADESH TIMES in English 19 May 85 p 3

[Text] The four-day South Asian Regional Environmental seminar ended in Dhaka on Thursday recommending identification of major areas and sub-areas of research and development activities, and fixation of priorities to stop environmental degradation.

The seminar on protecting the environment from degradation sponsored by South Asian Regional Cooperation (SARC) also recommended adoption of joint collaborative projects to achieve the goal.

The 21-point recommendation called for monitoring all sorts of environmental pollution including bacterial, organic, industrial, pesticide residues, insecticide residues and mycotoxin pollution in the SARC member countries.

The seminar suggested identification of focal point institutions and available laboratory facilities and expertise in each member country for evolving collaborative programmes in major areas and related sub-areas.

It recommended adoption by each member country massive afforestation programmes along with studies on deforestation and also community afforestation in industrial and urban areas as well as newly accrued land for rapid vegetation growths in the new land masses.

During the deliberations held in seven technical sessions the seminar adopted a joint collaborative project.

It suggested that studies be undertaken into desertification and degradation of soil productivity.

The seminar recommended guidelines be provided for the region identifying the industries which pollute environment so that laws could be formulated by member countries prohibiting getting up of such industries as well as phasing out the existing ones.

It called for making arrangements for collection of detailed information about industrial wastes in all forms--solid, gaseous or liquid and called for ensuring safety precautions in all industrial plants, particularly those producing chemicals and insecticides so that incidents like the Bhopal tragedy could be avoided.

The seminar recommended that efforts be made for education and familiarization of policy makers and the people on the elements of environmental degradation.

CSO: 4600/1660

BANGLADESH

**JOINT VENTURE EQUIPMENT LEASING COMPANY TO OPEN**

Dhaka THE BANGLADESH OBSERVER in English 27 May 85 pp 1, 8

[Text] The shareholders' agreement for setting up the first joint venture equipment leasing company in Bangladesh was signed on Sunday.

With eight sponsors' groups both local and foreign, the new company, to be known as Industrial Development Leasing Company of Bangladesh Limited (IDLC) is expected to commence operations by the end of 1985. It will provide 100 percent term financing of capital assets without the high collateral or other guarantees usually required for borrowing from traditional loan sources.

The sponsors of IDLC include Industrial Promotion and Development Company of Bangladesh Limited (an industrial investment company sponsored by International Finance Corporation, the World Bank affiliate body financing private sector business in the developing countries). City Bank Limited (a local private commercial bank), Sadharan Bima Corporation (a general insurance company owned by the Government of Bangladesh), Korean Development Leasing Company (KDLC), Korean Long-Term Credit Bank (a major Korean development finance company), the German Development (DEG) and the Aga Khan Fund for Economic Development (AGFED) and International Finance Corporation (IFC).

The three local sponsors will subscribe to 40 percent of IDLC's capital of Taka 20 million (approximately 800 000 US dollars). The IFC will provide a Taka five million equity investment and other foreign investors will subscribe to all 35 percent of total equity. Besides, the IFC will make available a SwF (Swiss franc) 4.25 million (approximately 1.8 million dollars) loan to IDLC.

The Korean Development Leasing Company as the technical partner of IDLC will provide technical know-how relating to all types of leasing operations. IDLC will be managed by a board of directors and Mr J.D. Lee of KDLC has been appointed as the first Managing Director who will be the chief executive of the company. It is expected that in the initial three-year period the technical partner will arrange appropriate transfer of technology as well as training of locally-recruited staff in Bangladesh and abroad.

The IDLC will assist the development of productive enterprises in Bangladesh through provision of lease finance to the industrial, energy, mining, agricultural, construction, transport, commercial and professional sectors. It will provide an "innovative financial instrument and extend the role of the private sector in a financial system largely owned and controlled by the public sector." The company will finance primarily small and medium-scale enterprises in the private sector.

#### Tk 100 Million Authorised Capital

The authorised capital of the company is Taka 100 million of which Taka 50 million will be subscribed in two tranches of 25 million each within the first three years. The shareholding structure of the local and foreign sponsors of the company will be as follows: local--IPDC--Taka 6.25 million (first tranche) and Taka 9.1 million (first and second tranches), City Bank--Taka five million (first tranche) and Taka 7.25 million (first and second tranches), SBC--Taka 2.5 million (first tranche) and Taka 7.05 million (first and second tranches), and foreign--IFC--Taka 2.5 million (first tranche) and Taka five million (first and second tranches), KDL--Taka five million (first tranche) and Taka ten million (1st & second tranches) Korean Long Term Credit Bank (KLB)--Taka 2.5 million (first tranche) and Taka five million (first and second tranches), DEG--Taka 0.625 million (first tranche) and Taka 1.25 million (first and second tranches), and AGFED--Taka 0.625 million (first tranche) and Taka 1.25 million (first and second tranches).

Fifteen percent of the company's equity capital will be offered for public subscription in the domestic market.

In addition to the paid-up capital the company will have recourse to loans to be provided by the shareholders. The City Bank will provide a local currency loan of Taka 200 million to meet the company's requirement during the first three years and Sadharan Bima Corporation will provide another local currency loan of Taka 100 million over a period of five years.

The IDLC was approved by the Foreign Investment Cell of the Government of Bangladesh on April 7 last and the company was incorporated on May 23, '85. The first meeting of IDLCs board of directors was held on Sunday and an investment agreement between IFC and IDLC was signed on the same day.

The members of the board of directors of IDLC later addressed a Press conference after their first meeting on the day at a city hotel.

#### 'An Important Finalised Device'

Mr Rashid-ul-Hasan of IPDC told the newsmen at the Press conference that the growth of leasing companies as the important financial and marketing device over the recent times was based on the appreciation that assets, particularly plant and equipment generated profits through use rather than the mere fact of ownership. Being typically unrelated to the side of

the leasee's net assets leasing will suit rapidly growing firms in Bangladesh whose equity base may be too weak for them to procure adequate financing from traditional financial institutions, he added.

Mr Khalid A. Mirza of IFC stated that the potential market for lease operations in Bangladesh was estimated at Taka 900 million in 1983 which was about 15 percent of the total equipment requirements in the local market at Taka 6 000 million in that year. He said that IDLC would target its operations initially at six percent of the total lease market in Bangladesh.

He felt that the company would contribute to increase flexibility and responsiveness of the financial sector and facilitate the Government's current strategy of relying on private initiative to expand the productive base of the economy. He said that the time-frame for leasing operations by the company would vary depending on each specific project.

Mr C.H. Koo of Korea Development Leasing Company (KDLC) stated at the Press conference that the IDLC was the first overseas operation of his company which was over ten years old in operations in South Korea. He felt that the recovery performance of IDLC could be kept to a satisfactory level through appropriate project management and proper project appraisal. He said that the default in case of borrowers from KDLC in South Korea was less than two percent of its total outstanding recoverable dues.

CSO: 4600/1666

IRAN

IRANIAN ENVOY SEEN AS KHOMEINI'S 'TERRORIST CHIEF'

AU211337 Vienna KURIER in German 21 Jun 85 p 2

/Erich Grolig Report: "Iranian Ambassador in Vienna: Terrorist Chief of Ayatollah Khomeyni?"/

/Text/ All Western intelligence services are alarmed over the new Iranian ambassador in Vienna, Mehdi Ahari-Mostafavi /spelling as published/: The 32-year-old high-level Khoemyni revolutionary is strongly suspected of having been sent to the Danube in order to build up a Shi'ite-Iranian terrorist and espionage infrastructure for all of Europe from Austria's neutral territory. Warnings to the Austrian Foreign Ministry, combined with a request to refuse accreditation to the new man from Tehran, were not taken into consideration by the Foreign Ministry on the strength of Austria's neutral status.

On 24 May, Ahari-Mostafavi replaced former ambassador Mohammad Keiarishi /spelling of name as published/ who is still in Austria, however, and only last Tuesday participated in the Austrian Television Service "Club-Two program panel discussion on the subject "Terrorism in the Name of Allah." While it is rumored that he was replaced as ambassador because he is opposed to the use of force, there are extensive reports quite to the contrary about his successor.

According to these reports, Mehdi Ahari-Mostafavi is a militant extremist who played a prominent role in storming the U.S. Embassy in Tehran on 4 November 1979, as well as in the 444-day detention of embassy personnel as hostages. Moreover, he is said to have played a major role in the establishment of a Shi'ite terrorist brigade in Iran, which reportedly is also involved in the hijacking of the U.S. TWA aircraft.

After Tehran's intention to assign Ahari-Mostafavi to Vienna had become known, the Americans in particular repeatedly approached the Austrian Foreign Ministry to warn against acceptance of his nomination. Their argument, as outlined by a high-ranking U.S. diplomat in Washington in a talk with KURIER: Ahari-Mostafavi's role in storming the embassy is quite clear, although--as in most cases of this type--this cannot be conclusively proven.

The alarming suspicion of the international security authorities regarding the actual task of the newly-installed Tehran chief of mission is not based merely on the knowledge of his terrorist past: There have been a number of specific indications over a period of time that the Shi'ite terrorist organizations led by Iran are seeking to spread a network of bases over West Europe. Western intelligence services feel that Ahari-Mostafavi's assignment to Austria has proved the correctness of this assumption.

IRAN

BRIEFS

COMMENTS ON NEWSPAPER CLOSING--The daily KEYHAN carried Tuesday an article on the closing down of the morning daily SOBH-E AZADEGHAN and said the orders of the public prosecutor for its closure must be reviewed. KEYHAN said the public prosecutor closed the paper on charges of lacking publication permit apparently after a number of Majlis deputies protested to the publication of some articles. Most of the postrevolutionary dailies lack publication permits but continue work under the temporary press law, KEYHAN said. Although we have our own criticism of the SOBH-E AZADEGAN we believe once an opinion or a statement in a paper should be regarded as an abuse of journalistic freedom solely because of its unproper tone, then the attitude would needlessly limit the scope of the press.../IRNA ellipsis/ since the closing down of the paper may cause misunderstandings that could be exploited by the antirevolution, we insist on a review of the order," KEYHAN said. /Text/ /Tehran IRNA in English 1829 GMT  
25 Jun 85/

CSO: 4600/482

PAKISTAN

SIND, PUNJAB FIGHT OVER INDUS WATER

Reopening of Canal Demanded

Karachi BUSINESS RECORDER in English 4 Jun 85 p 3

[Text]

President of Kisan Board, Punjab, Ghulam Hyder Sajjad has said that if Chashma-Jhelum link canal was not opened within a week, the sowing season of cotton will be ended thus resulting in 50 per cent decrease in cotton production. He further said that long time closure of Chashma link canal has resulted in scarcity of drinking water, as well as the nonavailability of fodder.

He said that bureaucracy is exploiting this issue to strengthen the Martial Law and to cover their misdeeds. Ghulam Hyder Sajjad said that it is a intrigue against the democratic government.

He said that cotton is a price-yielded crop and if its production suffered, it will cause heavy losses to the national economy.

He further said that water crisis is not a provincial problem but it has national importance and long silence on this issue is creating doubts in the minds of public. PPI adds.

Seven MPAs of Faisalabad division have demanded that in view of the tremendous increase of over 1,10,000 cusecs of River Indus discharge at Chashma, the Chashma-Jhelum Canal should be immediately reopened because its further closure would cause irreparable loss to the national economy.

In a joint press statement in Lahore today, they said that it would be unwise and unfortunate if the surplus water was allowed to go waste to the sea while thirsty lands of southern Punjab were clamouring for water for their survival.

They said that millions of farming families were threatened with famine and bleak economic future despite the fact that ample supply of water was now available in Indus, which was the only source of getting water for the affected areas.

Over 27 lakh acres of highly productive land in Multan, Jhang, Vehari, Muzaffargarh, Bahawalpur and Bahawalnagar districts was presenting a grim picture of devastation and desertation and desertation simply due to the non-availability of irrigation water.

The MPAs maintained that the canals of Sind province were already running to their full capacity but still it was not understandable as to why water was not released to Trimmu Canals.

The MPAs, therefore, urged the government that the Chashma-Jhelum link Canal should be reopened at once, otherwise its closure would play havoc with the agrarian economy and would create highly alarming situation.

Assembly Expresses 'Grave Concern'

Karachi DAWN in English 5 Jun 85 pp 1, 3

[Excerpts]

LAHORE, June 4: The Punjab Assembly passed a resolution on Tuesday expressing concern over the unilateral closure of the Chashma-Jhelum Link Canal since May 9, by the Federal Government, denying irrigation water to about 2.7 million acres in the most critical early *kharif* period.

The resolution was tabled by Sardar Nasarullah Khan Dreeshak, a former Punjab Minister and was unanimously approved. Earlier, the Speaker constituted a committee to draft the resolution.

It included Sardar Arif Rashid, Minister of Agriculture; Mr Nasrullah Khan Dreeshak; Mr Ghulam Rabbani Khar; Mr Nazar Mohammad Dogar; Malik Tayyab Khan; Malik Sikandar Hayat Bosan; and Rais Mushtaq Ahmad.

The resolution charged that the Punjab Government was not consulted by the Federal authorities in making ad hoc arrangements for the distribution of the Indus waters for the early *kharif* crop and the Chashma-Jhelum Link was shown to have no right to a share from the Indus.

The resolution said the Chashma-Jhelum Link Canal was constructed as a consequence of the 1960 Indus Waters Treaty and its rights and operational criteria were prescribed and approved by the Federal Government under which Trimmu and Islam canal networks were to be fed by the Indus through the Chashma-Jhelum Link and had been made an integral part of the Indus and Tarbela commands. The resolution said these arrangements were made in supersession of all working arrangements made prior to the signing of the Indus Waters Treaty.

The House observed that no ad hoc arrangements could take away the right of Chashma Jhelum canal to take water from the Indus to feed the canals dependent on it. The ad hoc arrangements for the flood periods in the 1972-74, pre-Tarbela period were made specifically for the years concerned and could not be applied to 1985.

The House expressed grave concern over the famine condition created in the areas affected by the closure of the Chashma-Jhelum Link Canal.

The resolution said the sowing of cotton in more than 1.2 million acres had been jeopardised. People did not even have drinking water and other crops had been damaged. The House demanded that in order to avert total disaster, the link canal should be opened and never closed again under any circumstances.

A member from Lahore, Rana Phool Mohammad, moved an amendment, asking that the copies of the resolution should be sent to the Prime Minister and the President telegraphically and if no action was taken within 48 hours, the Punjab MPAs should protest outside the Assembly Building. However, the Speaker did not allow the MPA to table his amendments.

Earlier, speaking on the issue, several members described the distribution of Indus waters as "a matter of life and death" for the Province. An MPA charged that the Martial Law administration was deliberately trying to make the issue more serious than it was, in order to scuttle the newly elected civilian governments at Federal and provincial levels.

One parliamentary secretary went to the extent of saying that Dr. Mahbubul Haq, who was elected senator from the Punjab, was the one who had been opposing the Province on the water issue more than anybody else. A member from Muzaffargarh walked out in protest against the Federal Government's attitude on the issue. Malik Talib Awan criticised the Punjab Cabinet for opposing the MPAs to agitate on the issue. "Allow us to shed tears at least," he said. Rana Phool Mohammad Khan said, "we can wait for the withdrawal of Martial Law for another week, but cannot afford the stoppage of water from the Indus for even a few more hours."

Malik Allahyar Khan said the argument that the Punjab could draw water from the Taunsa-Punjab link, as it was completed before the dissolution of one unit, and water from the Chashma-Jhelum link could be released to the Punjab only after Sind had met its full requirements, was not valid because both the canals were provided for under the Indus Basin Treaty. "The Punjab has been making sacrifices as the elder brother but now the time has come when we should demand equal treatment. We cannot afford to forego our due rights any more," he said. Denial of water to the Punjab would make 2.7 million acres barren which would ultimately effect the national economy, he said, and called upon the Prime Minister to solve the issue without further delay.

Chaudhry Ikramul Haq said if the problem was not solved in the next few days, the Punjab would be

deprived of two million bales of cotton and as such the country would lose Rs. 4,600 million in foreign exchange. Similarly, the loss on account of cottonseed oil would be as high as Rs. 1,200 million. Chaudhry Ehsanul Haq and Lt-Col. (Retd) Naseer Ahmad also stressed the need for an early solution of the problem.

Due share for the Punjab from the Federal divisible taxes was again demanded in the Punjab Assembly on Tuesday.

The demand was made by Malik Allahyar Khan. The debate was delayed by about 35 minutes, as the members wanted an extension in the session in order to discuss the budgetary provisions thoroughly. After a detailed discussion, during which many MPAs presented their views, mostly on points of order it was decided that the session would start at 8 a.m. and continue till 2 p.m. and a day for voting on demands would be curtailed.

The voting will now be held on two days instead of three and the private members' days would be on June 12 and June 13 as decided earlier. On June 12, the Ministers will reply to questions relating to irrigation, water and power, and on June 13, on revenue, colonies, reclamation and relief work.

Chaudhry Abdul Ghafoor, the Law Minister, who proposed the division of work in the session, told the House that 46 cut motions would be moved. Responding to the Law Minister's plea, Syed Hasan Mahmood offered on behalf of the movers to withdraw all motions except those relating to general and an early solution of the water problem, administration, agriculture and irrigation.

Maulana Manzoor Ahmad Chinioti, Mr Fazal Husain Rahi, Mr Javed Iqbal Cheema and Rais Mushtaq Ahmad also participated in the debate.

### Long-Term Solution of Issue Urged

Karachi DAWN in English 5 Jun 85 p 12

[Article by Babar Ayaz]

[Text]

KARACHI, June 4: A Sind Assembly Member, Sardar Muqeem Khan Khoso, has called for a long-term solution of the distribution of irrigation water keeping in view the historic rights of Sind.

Talking to Dawn on Tuesday, he said water distribution formula should be drawn, taking into consideration the underground water resources of the concerned provinces and the ratio of rains in the respective province.

He said the statistics of May show that Punjab has drawn about 66 per cent of water against its usual intake during the normal supply period from Thal, Taunsa and Punjab barrages, while the average availability of water at Sind barrages — Guddo, Sukkur and Kotri — has been about 47 per cent.

He alleged that Punjab had drawn more water during rabi from the Tarbela stocks reserved for early kharif of Sind. This drain on irrigation water of Sind, he said, was through the Chashma-Jhelum canal "which I believe has been

drawing 35,000 cusecs against its 21,600 cusecs designed capacity".

Sardar Khoso pointed out that due to shortage of water at Guddo and Sukkur during May — the period of raising seedlings of rice (Irri-6) — the crop has been damaged. This, he feared, would further add to the declining trend in rice production of Sind which has emerged over the last few years.

He said owing to lack of water during the hot month of May, the sugarcane crop had been badly damaged in the lower Sind. "When the temperature is high the sugarcane crop has to be watered to save its sucrose content from drying", he added.

"About 70 per cent of the sugarcane crop", Sardar Khoso estimated, "had been damaged because of lack of water".

The water shortage in the left bank canals of Sukkur Barrage, he noted, had hurt the cotton sowing in the area which would effect the entire economy of the Province.

He believes that unless the water issue is not settled once and for all,

and Sind's rights on Indus water are not accepted "water politics would dominate the scene".

In a separate talk with Dawn another MPA, Mr Khuda Dino Chandio, who has been very vocal on the water issue in the Sind Assembly, said this issue should be decided in the light of Rao Commission Report.

He said the International Court of Justice had also declared in the Holland and Belgium water dispute that the lower irrigated areas' rights should be protected while distributing surface water.

Mr Chandio feels that while Sind underground water resources were not suitable for irrigation, Punjab had 200,000 tubewells, a factor which should not be ignored by the distribution authorities.

He said Sind does not want to deprive Punjab of its just share but according to an agreed formula, their right over the Indus water is only if it was in surplus of Sind's demand.

He alleged that despite the shortage, water is being drawn by Punjab through Taunsa-Punjab Canal from Indus.

Sind Assembly Debates Issue

Karachi DAWN in English 6 Jun 85 pp 1, 10

[Text]

KARACHI, June 5: The Indus water issue found an echo on Wednesday in the seven-hour-long session of the Sind Assembly when during general discussions on the 1985-86 Sind Budget almost all the 20 and odd speakers demanded rightful share of the Indus water for the life arteries of Sind Province.

Amidst thumping of desks a member, Qazi Shafiq (Dadu), declared that if Punjab evaded adherence to the 1945 water distribution agreement, the entire House (Sind Assembly) would resign.

He maintained that the Punjab was bound not to open the Chashma Link Canal until and unless Sind was able to receive 100 per cent of its share of the Indus water.

Begum Gulzar Unar (Khairpur) warned of "serious consequences" if the Chashma Link canal was opened arbitrarily. Already, Sind had suffered grievously on account of shortage of both the potable and irrigation water, she said.

Jam Qararuddin (Nawabshah) urged the Sind Chief Minister, Syed Ghous Ali Shah, to take a firm stand on the water crisis when negotiations with the Punjab and the Centre take place. He suggested that the Sind Government's delegation should also include representatives of the "Abadkars" from the province's three divisions, in addition to an eminent lawyer as a consultant.

Sardar Muqim Ahmad Khoso (Jacobabad) said that Sind's economy would crash with an indescribable damage to its rice and cotton crops if the Chashma Link Canal was to be opened. Sind should have enough share of water before the link canal was opened, he added.

Yet another consensus developed at the Sind Assembly's morning and afternoon sittings, presided over by the Speaker, Mr Abdullah Hussain Haroon, was that Sind with its 75 per cent of contributions to the national exchequer, should have its share in the federal funds raised from the present about three per cent to at least 20 per cent.

### Per capita share

Begum Gulzar Unar, quoting statistics, said Sind was receiving per capita share of Rs. 361 as against per capita share of Rs 1100 (Baluchistan), Rs. 1400 (NWFP), and Rs. 2400 (Punjab).

Deputy Speaker Qazi Akhtar Ali (Larkana) said that Sind's financial management of its otherwise natural and other resources was proving difficult with chronic constraints. Whatever funds the Centre was providing to Sind were totally inadequate to meet the evergrowing development needs, he said, adding that Sind on its part was making major contributions to the national exchequer.

"It is not that the Centre is doling out money to us (in Sind) as a sort of charity; it is our right to get our due share from the Federal funds and we should fight for it", Qazi Akhtar declared.

Mr Masood Ahmad Khuhro (Larkana), while making out a similar case, said that because of financial constraints in Sind five miles of roads (instead of at least 20) were constructed. Punjab built 100-mile roads during the year.

Some members demanded immediate lifting of Martial Law, with Qazi Shafiq dubbing it as a "cancer" for the country. Mr Munawwar Ali Shah (Nawabshah) said it was time that martial law is withdrawn and the army returns to barracks "forthwith" so that the elected civilian government proceeds to address itself to the important nation-building tasks wholeheartedly and independent of any super-imposed pressures.

Sardar Allah Bux Jalbani and Mr Masood Ahmad Khuhro (Larkana) urged that work on the Right Bank Outfall Drainage (LBOD), should be taken up in the rice-growing but salinity-affected belt of Larkana, Shikarpur and Jacobabad. Like the Left Bank Outfall Drainage (LBOD), the RBOD should also be given the same priority, they urged.

Mrs Monica Kamran Dost (Karachi) emphasised that primary education be universalised, curriculum be revised so as to be within the students' comprehension, ambiguities in textbooks removed, and frequent inspection by the Education officials be undertaken to ensure quality of education.

She demanded that use of liquor be banned without distinction of race, creed or belief. Saying that the holy Bible equally condemns the use of liquor, she said that permits issued to the Christian community for liquor should be stopped.

Participating in the debate were three Provincial Ministers, Mr Ghous Bux Maher (Food and Agriculture), Syed Shafqat Ali Shah Jamote (Education) and Alhaj Shamimuddin (Zakat and Ushr).

Mr Maher referred to the Left Bank Outfall Drainage and On-Farm Water Management projects and said that they would revolutionise Sind's agricultural economy.

He maintained that the "Haris" today enjoyed more facilities than ever before. The zamindars, on the other hand, had to work in the fields and were not, like the industrialists, just sitting in the airconditioned offices.

Mr Shafqat Jamote said he was cognisant of the drawbacks of the educational system to remove which he was setting up a number of study cells wherein officials, in conjunction with the public representatives, would consider working out various proposals.

He said, a record 100 per cent increase in the allocation had been made in the education sector to devise and take steps for improving the quality of education as well as for removing illiteracy phasewise.

Alhaj Shamimuddin welcomed block allocation of Rs. 500 million for carrying out works in the constituencies of the MPAs. Zakat committees, nominated, have no financial powers, he pointed out. He called for public cooperation with

the District Zakat committees whose elections were due between August and November this year.

Malik Mohammad Hanif (Karachi) said that Auqaf department should be shifted from the KMC to the Provincial Government.

Hafiz Mohammad Taqi (Karachi) urged the Federal Government to hand over Central Excise to Sind. He called for revival of the Indus Highway project. Another demand he made was that a Kutchi Abadi Authority should be set up to deal expeditiously with the problem of their regularisation.

Every year, he pointed out, a sizable influx of people from up-country towns was swarming

Karachi. He demanded that other provinces should contribute financially for these persons who, while resettling and getting jobs in Sind, entail a lot of burden on Sind's meagre resources.

Hafiz Taqi, Usman Soomro and others said that Sindhis should have preference in the matter of recruitment and admissions to various educational institutions. They also demanded that the Police department be overhauled and all recruitments made locally to the exclusion of outsiders.

Other participants were: Mr Khadim Ali Shah (Sukkur), Mr Ejaz Ali Shah (Thatta), Mr Abdul Ghani Dars (Tando Allahyar), Mr

Saleem Mazari (Karachi), Mr Ghafar Qureshi (Mirpurkhas), Mr Ram Singh (Tharparkar), Mr Sher Ahmad Unar (Nawabshah), Mr Mian Wali Ahmad, Pir Nur Ahmad Shah (Tharparkar), Mr Ahmad Ali Rajpar (Nowshero Firoz), Mr Eric Samuel (Karachi) and Dr Athar Qureshi (Karachi).

Dr Athar Qureshi said that full autonomy should be given to the local self-government. Without it, public grievances will continue and problems would accentuate, he opined.

He called for transfer of all available State lands to landless *Haris*. "Harness *Hari* manpower" for the good of the country at large and for Sind Province, in particular, he emphasised.

### Assembly Members Urge Canal Reopening

Karachi DAWN in English 8 Jun 85 p 1

[Text]

LAHORE, June 7: Seven members of the Punjab Assembly have pleaded for an equitable distribution of the Indus water and said that while Sind should get its due share, Punjab should also not be refused its legitimate rights.

According to them the Chashma-Jhelum link canal had an indisputable and inviolable right on the Indus water and its closure amounted to depriving the Punjab of its due share. According to them if the canal was not opened ~~in next~~ couple of days the national economy would receive a grave setback and it was also likely to have a negative impact on national politics.

In a joint Press statement Chaudhry Ehsanul Haq, Mr Altaf Husain, Malik Mohammad Yusuf, Mr Dildar Ahmad Cheema, Mr Manzoor Ahmad, Mehr Zafarullah Bharwana, and Sardar Murad Ali pointed to the "critical situation," in the Punjab where about 2.7 million acres of land were being turned into waste lands and thousands of families were facing miseries on account of the suspension of irrigation water.

The MPAs said that the statements issued by the Sind Administration were "objectionable and harmful to national interest."

## Canal Reopens; Sind Chief Minister Criticized

Karachi DAWN in English 9 Jun 85 pp 1, 8

[Text]

LAHORE, June 8: The Chashma-Jhelum link canal was opened at 7.30 this evening under the orders of the Federal Government, it was reliably learnt here.

Discharge in the canal, it was further learnt, is about 1,000 cusecs which will be further raised to 4,000 cusecs by tomorrow morning.

WAPDA has been intimated that 15,000 cusecs of water is the indent for this canal for the current Kharif's season in the Punjab.

Earlier responding to eight privilege motions tabled by seven members of the Punjab Assembly, the Chief Minister, Mian Mohammad Nawaz Sharif, assured the House on Saturday that reopening of the Chashma-Jhelum link canal was now a matter of a couple of days.

The motions were tabled by Rana Phool Mohammad Khan, Sardar Rafiq Haider Leghari, Sardar Shahid Iqbal, Malik Ghulam Rabbani Khar, Sardar Zada Zafar Abbas. Mr Riaz Hashmat Janjua and Begum Shaheen Munawwar.

Rana Phool Mohammad Khan has also sought adoption of a resolution protesting against the statement of the Chief Minister of Sind who had stated on Friday that the link canal could not be opened before the fulfilment of the water requirements of Sind even if all the members of the Punjab Assembly tendered their resignations.

### Damaging tone

According to him, the tone of the Sind Chief Minister was damaging and negated the national interests. It also fanned provincial prejudices and was a direct infringement on the privileges of the Punjab Assembly members.

Explaining the water situation, the Chief Minister stated that the impression that the Punjab case was not properly presented at the meetings at Islamabad and that the provincial interest was not kept in view was wrong and misleading as not only the Punjab case was presented convincingly, the Punjab

Government refused to accept the agreement which was reached about a decade back under which Punjab would not be given water from the Indus without permission of the Sind Chief Minister.

### Punjab's objection

Mian Nawaz Sharif told the House that Punjab objected to the agreement on the plea that it could not override the Indus Basin Treaty under which the right of Punjab over the Indus water had been accepted. The Punjab Government also refused to release water from Mangla reservoirs and pleaded that it would result in a shortfall of irrigation water for Rabi crops.

According to him, by not accepting water releases from Mangla the provincial administration has once for all established the right of Punjab over the Indus water during the Kharif season. Had the plea been accepted by Punjab, there would have been a precedence for releases of irrigation water from Mangla, and Punjab would have been deprived of its right over Indus water for ever, he maintained.

As for the remarks about the Punjab Assembly members by the Sind Chief Minister, Mian Nawaz Sharif said they were deplorable but "we will not bargain on our right." The Punjab Government refused to succumb to the pressure during the meeting on June 2 and plainly told the Prime Minister that the provincial Government would not surrender its rights, he added.

Speaking on the privilege motions, Law Minister Chaudhry Abdul Ghafoor stated that the House might adopt a resolution protesting against the utterances of the Sind Chief Minister and communicate it to the Federal Government and the Sind Government.

Earlier speaking on his privilege motions, Rana Phool Mohammad Khan stated that the allegation that the water shortfall was superficial was aimed at discrediting the

Punjab Government. He charged the Sind Chief Minister with trying to muster support of the Sind MPAs by showing an adamant attitude towards the water issue.

He called upon the Federal Government to explain whether Mr Ghous Ali Shah had been empowered to issue statements on its behalf.

He pleaded for observing a protest silence for 10 minutes against the remarks of the Sind Chief Minister.

Sardar Rafiq Haider Leghari and Sardar Shahid Iqbal referred to a news item of June 5 in the daily "Business Recorder" of Karachi which stated that the Punjab Government had, during the meeting on June 2, surrendered its water right and that it had conceded that the water shortage was temporary and artificial.

Sardarzada Zafar Abbas and Begum Shaheen Munawar took exception to the silence of the Chief Minister of a vital issue and said he did not bother to take the House into confidence after his return from Islamabad.

Mr Riaz Hashmat Janjua was of the view that the silence of the Chief Minister was a testimony to the "fact" that the interests of Punjab had been compromised.

Several MPAs regretted the role of the National Assembly members from Punjab and Sind on this issue.

Another member maintained that not only the attitude of the Sind Chief Minister but also of the Federal Government was regrettable as the latter had chosen to remain silent over the differences between two brothers (Sind and Punjab).

Sardar Amjad Hamid Dasti, Makhdoomzada Syed Hasan Mahmood, Mr. Mohammad Asghar Koreja, Mr Gul Nawaz, Malik Ghulam Rabbani Khar, Mehr Ghulam Abbas Bharwana, Mian Mohammad Ishaq, Mr Fida Hussain and two Ministers, Chaudhry Pervaiz Elahi and Sveda Sajida Nayyar Abidi, also spoke on the issue. (Lahore Bureau reports)

12 July 1985

## Sind Chief Minister 'Rules Out Compromise'

Karachi DAWN in English 9 Jun 85 p 1

[Text]

KARACHI, June 8: The Sind Chief Minister, Syed Ghous Ali Shah, reiterated his Government's resolve here on Saturday to get Sind's due share of the Indus water through "judicial means."

He was commenting on Punjab Chief Minister Nawaz Sharif's statement in the Punjab Assembly that Chashma-Jhelum Link Canal would be reopened in a couple of days to provide irrigation water to the needy Punjab areas.

Syed Ghous Ali Shah observed that this might be Mr Nawaz

Sharif's view and added that "mine is a national approach."

He replied in the negative when asked whether he had contacted the Punjab Chief Minister after the latter's statement on the water issue.

Syed Ghous Ali Shah was talking to newsmen at an Iftar dinner the Sind Finance Minister, Mr Javed Sultan Japanwala, held for the MPAs at the Sind Assembly lawns.

Pir Pagara also attended the reception at which senior officials, businessmen and editors and journalists were present.

## Muslim League Leader Blames Government

Karachi DAWN in English 9 Jun 85 p 2

[Text]

LAHORE, June 8: The Secretary General of the Pakistan Muslim League, Malik Mohammad Qasim, blamed the Government for its failure to solve the water crisis.

In a statement issued here Malik Mohammad Qasim said that provincial ministers were issuing press statements against each other and were making it look as though it were a dispute between two countries rather than between two provinces.

Malik Qasim said that actual facts was that water was short in Punjab, Sind, Baluchistan and NWFP, but the government was not doing its duty and trying to turn the issue into one of permanent hatred between the Punjab and Sind, which was extremely detrimental to the national interest.

Malik Qasim said that the regime was quick to take action under martial law regulations against those who opposed it, but ministers who were creating hatred among the

people and weakening the very foundations of the country were not being proceeded against either under martial law or the normal law of the land.

"The issues can be settled in two days provided the government takes the people into confidence and lays bare before them all facts on the availability of water in the River Indus. We in the opposition can exploit the situation, but we cannot sacrifice our national interest for personal expedient. I warn once again that the government is giving the issue a dangerous turn," he said.

Malik Qasim said that in Sind the canals had been breached not because of heavy flow of water but because of the incompetence of the department concerned, who had neglected repair work during the last eight years. "This is a national crisis and not of this province or that. If the Punjab loses one crop and Sind the other, the whole nation will suffer," Malik Qasim concluded.

Sind Assembly Members Resent Punjab Remarks

Karachi DAWN in English 9 Jun 85 p 6

[Text]

KARACHI, June 8: Four members of the Sind Assembly have taken serious exception to the statement issued by the members of the Punjab Assembly demanding reopening of Chashma-Jhelum Link Canal without seeking any approval of the Federal Government.

Talking to the newsmen here today they said that this demand of the Punjab Assembly members amounted to challenging the authority of the Federal Government and could have serious implications for the national integration and solidarity.

The members — Mr Abdul Rahim Bozdar, Mrs. Baluch, Mr Khuda Dino Chandio and Kazi Shafi — appealed to their counterparts in the Punjab Assembly to show maturity in dealing with the water shortage calamity which, they said, were affecting both the provinces.

They urged the members of the Punjab Assembly members of the

serious implications of their demands which will only strengthen the hands of parochial forces in other provinces.

If the Punjab Assembly members can demand to violate the Federal Government's authority on issue of opening of the Chashma-Jhelum Link Canal, then people in Sind and other provinces can also demand to negate the authority of the Federal Government in functioning of Federal agencies in their respective provinces.

For example, they said, the people in Sind can also demand a takeover of Karachi Port Trust and Port Qasim in matter of transportation of goods.

But then this is not the solution of the crisis as it would obviously lead to more complex situation. Therefore sanity demands that the issue be tackled in a rational manner and the shortage of water be also shared equally by the provinces. — APP

Sind Minister: Case Already Before Center

Karachi DAWN in English 10 Jun 85 pp 1, 3

[Excerpt]

KARACHI, June 9: The Sind Minister for Irrigation and Power, Pir Sibghatullah Shah, told the provincial assembly here on Sunday that the case of Sind with regard to the Indus water issue, prepared by a specially-appointed Commission, has already been put up before the Federal Government.

Replies to a question by Dr Muhammad Athar Qureshi during question hour, he explained there were two separate formulae for distribution of the Indus water, one for *Rabi* season and the other for *Kharif* season:

— In *Rabi* the flow supplies and storage supplies are distributed in the ratio of about two-thirds for Sind canals and one-third for Punjab canals.

— In early *Kharif* season storage supplies are distributed among Punjab and Sind in a 50:50 ratio and flow supplies are distributed in the ratio of allocation of canals of Sind and Punjab on main Indus and Punjab canals fed by Tuna-Punjab Link.

The adhoc distribution of Chashma reservoir, he said, was allowed in 1970 under the orders of former President General Yahya

Khan; whereas the distribution of Tarbela reservoir was made in 1977 for *Rabi* season and for *Kharif* in 1980, by the Federal Government.

Sind draws irrigation water from River Indus only under these arrangements, the minister explained. The position for Sind is affected and, hence, the formal submissions made to the highest federal authority, he said.

Earlier, Finance Minister Javed Sultan Japanwala laid on the table supplementary schedule for authorised expenditure during 1984-85.

## Chief Minister: Sind Not Consulted

Karachi DAWN in English 10 Jun 85 pp 1, 3

[Text]

KARACHI, June 9: The Chashma-Jhelum link canal was opened without consulting the Sind government but done when the gauge in Tarbela reached a level which could meet the requirements of Sind.

This was stated by Sind Chief Minister, Syed Ghous Ali Shah while informally talking to newsmen at an Iftar-cum-dinner hosted by the provincial minister for Food and Agriculture, Mr Ghaus Bux Mehar here on Sunday Evening.

Replying to newsmen's questions on whether or not the Sind government was consulted on the reopening of the Chashma canal, the Chief Minister replied: "It has not been done in consultation with the Sind government."

He, however, told another questioner that he had talked with the Prime Minister on Sunday, and the conversation had centred on water as well as other issues.

The Chief Minister made it clear that "we have been asking for judicious distribution of water" and no more than that.

Syed Ghous Ali Shah said that the tempo being created in Punjab was not in the national interest, and could not lead to a happier conclusion. "Our case for judicious distribution of Indus water has been based on records of at least ten years or more," he emphasised.

Prominent among those who attended the Iftar and dinner were Pir Pagara, members of the Sind cabinet, provincial secretaries and members of the Sind Assembly (according to an APP report).

● **GHULAM MUSTAFA SHAH:** Syed Ghulam Mustafa Shah, president of Servants of Sind Society, has deplored the statements of several political leaders in Punjab over the water crisis.

In a press release, he said these politicians were fanning regional prejudices by accusing the leaders of Sind, including Prime Minister Mohammad Khan Junejo and the Chief Minister Syed Ghous Ali Shah, of being biased in favour of Sind.

Taking exception to Mr Hassan Mahmood's remarks in the Punjab Assembly in which he had said Punjab would make every sacrifice for the country but would not bargain on its economic rights, Syed Ghulam Mustafa Shah described it as an attempt to divert attention from the gravity of the situation. As most cultivable land in Sind had turned barren, the need of the hour was to look into the matter with a broad national perspective rather than on parochial lines, as seemed to be the obsession of MPAs in Punjab Assembly at the moment, he added.

● **REPORTS SOUGHT:** Several Punjab MPAs have made a strong demand for the immediate release of the reports by different high-level committees which were constituted for the judicious sharing of river waters between the provinces, (PPI reported from Lahore).

In a joint statement, the MPAs remarked that had the recommendations of the Fazal-i-Akbar committee not been thrown into cold

storage, the present colossal economic loss would not have been suffered. In addition, the closure of the Chashma-Jhelum link canal would not have created parochial feelings, nor would anti-state elements have tried to sow seeds of discord and ill-will between the people of the two provinces.

The MPAs further stated that if this matter was shelved for much longer, a similarly critical situation could arise in the future. Therefore, a firm and final solution to the problem from the national viewpoint was essential.

Signatories to the statement are: Malik Abdul Qayyum, Sajjad Cheema, Mazhar Ali Gill, Safdar Shakir and Maqbool Fatiana.

● **BALUCHISTAN CM:** Jam Mir Ghulam Qadir Khan of Lasbela, Chief Minister of Baluchistan, has said that the issue of distribution of water among the provinces has already been settled, and no further commissions or deliberations were necessary. He was talking to newsmen in the lobby of the National Assembly here on Sunday (a PPI report from Islamabad said).

Jam Ghulam Qadir said that according to the Indus Basin agreement, the proportion of water to be given to the provinces had been settled. The federal government should provide water in all those canals which have been constructed in all the provinces keeping in view the needs of these provinces, he added.

Jam Sahib also called on Prime Minister Junejo at the head of a delegation of MPAs and senators from Baluchistan.

### Sind Leader Issues Statement

Karachi DAWN in English 10 Jun 85 pp 1, 10

[Text]

KARACHI, June 9: Dr Hamida Khuhro has urged the Sind government to stick to the position it has adopted on the water distribution issue.

In a statement issued to the press on Sunday, she said:

"Yesterday we read in the newspapers that no less a person than the Chief Minister of Punjab had used unseemly language for the Chief Minister of Sind and made threats that Punjab controls the headworks and will therefore do its will regarding the opening and closing of the Chashma Link Canal.

"It is a matter of deep regret that the Punjab Chief Minister and members of the Punjab Assembly have played right into the hands of the bureaucracy and the anti-national forces. On the one hand, our friends from the Punjab claim that they are prepared to make every sacrifice for the unity of

country and for the welfare of the smaller provinces; on the other, as soon as a moment of crisis occurs all the pious promises fly out of the window and it's every man for himself.

"It was hardly suitable for the chief executive of the biggest province of the federation to talk about headworks being in his province and of international treaties in the context of this problem. We in this country know very well the background and history of the whole 'headworks' issue. If this matter is going to be taken as an international issue, Sind knows how to respond to the provocation.

"The fact is that as there had been very little rainfall in the Punjab this year, the water reserved in the Tarbela for the early *kharif* season in Sind (i.e. April and May) had been used up by the Punjab from January onwards, leaving the early *kharif* season in Sind absolutely

dry. The result has been no water for Sind and Baluchistan from the early months until this week, when at last the Indus has begun to rise.

"Lower Sind and the right bank have been affected disastrously. Only yesterday I have seen the Indus at Kotri absolutely dry, with sand flying from its bed and stagnant green water being fed into the Kalri Begar for Karachi. All other canals are absolutely dry. Is this the time to threaten Sind and heap abuse on its chief minister for merely having stated the truth?

"Sind registers its absolute protest at the unjust and unilateral opening of the Chashma Link Canal, and we reiterate the position that the agreement of the government of Sind is essential for its opening, which should only take place at the period of inundation, when all the demands of the three Sind barrages have been met. I urge the government of Sind to stick resolutely to its position."

### Dangers to Sind Crops Cited

Karachi DAWN in English 10 Jun 85 p 10

[Text]

LARKANA, June 9: If irrigation water is not supplied fully upto June 15 half of the present rice crop would go waste, Mr. Gada Hussain Mahisar, President, Sind Rice Millers and Traders Association, observer here while talking to Dawn.

He said though enough water for seedlings has been received, still one cannot be sure about its continuous and constant supply, adding that presently in all three canals 50 per cent supply is being witnessed that would result in tremendous losses not only to farmers, growers and farm labour but to country's economy in general and Sind's in particular.

Mr. Mahisar, who is also the vice-president of the Sind Abadgar Board said the province produces

1.6 million metric tonnes of rice on 1.8 million acres of land that feed about 400 rice mills throughout the province. Being a major export the loss of production would lead to a sizeable decline in the country's export figures, he added.

Giving details, Mr. Mahisar said only upper Sind produces 70 per cent of total rice yield per year with the high percentage of Irri-6 which needs at least 100 to 110 days for maturing. But month's delay in irrigation water supply has affected it tremendously and chances of pest attacks on the late sown crops cannot be ruled out that would again result in loss.

He forecast considerable decrease in the next crops being grown on residual moisture following rice crop and did not disagreed that DR-822 and DR-83, late sowing varieties recently evolved at the Rice Research Institute, Dokri

could not give marked and expected results due to non availability of seeds in ample quantity.

He said further that in prevailing alarming conditions the tailenders should not be ignored where mostly water reaches late. Presently Warah, Mirokhan, Ratodero and Shahdadkot, situated at tailend, are being worst hit.

Mr. Mahisar demanded that Sind should be given its full share of irrigation water according to the agreements.

Regarding the distribution of irrigation water, he said at least 70 per cent of total discharge from Kalabagh be supplied at Gudu that might fulfil the immediate requirement and the check and balance system must be fully observed in all concerned provinces.

Also the cotton crop, he said, would be hit severely on the Right Bank due to delayed supply of irrigation water.

Canal Reopening 'Immature Political Decision'

Karachi DAWN in English 10 Jun 85 p 10

[Text]

KARACHI, June 9: The opening of the Chashma-Jhelum link canal on Saturday was termed by irrigation experts as an "immature political decision."

They said the decision should have been taken in the light of the availability of water in both the provinces "without any political consideration."

The need of the hour was to assess the requirement of water for kharif crops in both provinces, they said, adding that a political decision at the cost of economic considerations would be harmful to both the provinces.

While Sind was entirely dependent on the Indus source, Punjab could meet its requirements either through the release of water from Mangla reservoir or through supplies from Chenab.

Punjab would have been justified in getting water from the

link canal after the inflow in the Indus had increased, which was a matter of days only, experts said.

Sources maintained the Trimmu and lower Sutlej Valley canals were already getting about 8,800 cusecs of water, while more water had recently been released from Qadirabad barrage. The downstream discharge of 14,620 cusecs recorded at Qadirabad barrage on June 7 was increased to 21,053 cusecs on June 8 for Trimmu canals. Their requirement comes to about 16,000 cusecs, the experts said.

The Chashma-Jhelum link canal was usually opened after water flow in the Indus stabilised, they said, adding that no such consideration was taken into account at this time.

The rise in the Indus inflow over the last three days most probably prompted the authorities to open

the link canal, without taking into consideration the subsequent fall in the inflow registered in the Indus a day later, sources said.

The irrigation experts said the effects of water increase at Tarbela would be felt in lower Sind after 15 days. As such, there should have been no hurry in opening the link canal, particularly when the Trimmu canals were meeting Punjab's partial requirements.

Sources said the initial release of 1,000 cusecs in the 63-mile-long link canal would serve no purpose, as it would be consumed by the bed on the way.

The link canal had to be opened ultimately, as Sind province did not want the water to flow into the sea, experts said, adding that the opening of the canal should have been put off by a few days, enabling the river to stabilise.

Punjab Assembly Expunges Remarks

Karachi DAWN in English 10 Jun 85 p 10

[Text]

LAHORE, June 9: The Punjab Assembly decided on Sunday that the Chief Minister of Punjab, Mr Nawaz Sharif should set up a committee to continue efforts for a permanent solution to the Chashma-Jhelum Link Canal water distribution among provinces.

The House took the decision after a 45-minute debate on the eight privilege motions moved by seven members Saturday regarding the closure of canal, in which over a dozen members and four ministers participated.

The House further decided to expunge remarks made by several members against the Sind Chief Minister, Ghous Ali Shah, in Saturday's proceedings in view of the clarification issued by him and published in Sunday's newspapers.

The members were of the view that after the reopening of the canal and the Chief Minister's statement, the situation has changed. The House also decided that the privilege motions be dropped.

The members who took part in the discussion included Syed Hassan Mahmood, Mr Zafarullah Bharwana, Sardar Shahid Iqbal, Mr Afzal Khan, Mr Irfan, Mr Fazal Hussain Rahi and Malik Allahyar Khan. The ministers who participated in the debate were Mr Abdul Razzaq, Choudhry Abdul Ghafoor, Sardar Arif Rashid and Mr Ghulam Haider Wyne.

Syed Hassan Mahmood offered to voluntarily associate himself with committee to seek a permanent solution to the problem.

Initiating discussion, the Punjab Irrigation Minister, Mr Abdul Razzaq congratulated the members and the Chief Minister whose ef-

forts had culminated in the reopening of the Chashma-Jhelum Link Canal.

Rising on a point of order, Syed Hassan Mahmood said he had told them that the canal will be opened, and they were unnecessarily raising an alarm.

At this the Law Minister, Choudhry Abdul Ghafoor, said that if the worthy member had any information about it he should have informed the House. He said it was a matter of right, and the decision had to be taken on principle.

Malik Allahyar Khan said that on principle the stand of Punjab had been upheld, and its right on the water of Chashma-Jhelum Link Canal accepted.

Mr Hasan Mahmood said that Punjab should now open Panjnad water for former Bahawalpur state, which was now part of the province.

The Irrigation Minister gave him

Prime Minister Said To Order Canal Reopening

Karachi DAWN in English 12 Jun 85 pp 1, 8

[Text] Karachi, June 11--Chief Minister Syed Ghous Ali Shah told the Sind Assembly here on Tuesday afternoon that the Chashma-Jhelum link canal had been reopened under specific orders from Prime Minister Mohammad Khan Junejo after he had satisfied himself about the water discharge level at the reservoir, and also taken into account the requirements of Sind and Punjab.

Nevertheless, the Sind government was not consulted in the matter, and if it had been a healthy precedent would have been set, he maintained.

"Our protest on this count is valid. In future, too, we will make it clear that Sind should be consulted before any arrangements are made regarding the distribution of Indus water," he observed.

The chief minister was winding up the debate on two privilege motions tabled by Sardar Muqeem Khan Khoso and Mr Salim Jan Mazari on the water issue at the Sind Assembly's resumed sitting.

Earlier, some 15 MPAs, led by Syed Imdad Mohammad Shah (son of G.M. Syed) and including three lady members, walked out of the House in protest against the "discriminatory attitude" displayed in the Punjab Assembly as well as the "provocative language" used against the Sind chief minister.

After Syed Ghous Ali Shah had made his speech assuring the House that he would not barter away the rights of Sind, he was unanimously given a vote of confidence through a motion tabled by Syed Muzaffar Hussain Shah, which authorised the chief minister to solve the water problem in the larger interests of Sind and Pakistan.

Syed Ghous Ali Shah in his speech, which was punctuated by repeated applause, said that although there undoubtedly was scarcity of water, yet whatever supplies were available should have been shared in a brotherly manner. "To deprive the needy of water is not something desirable," he stated.

He informed the House that President Gen Zia-ul-Haq had already commissioned the Chief Justice of the Supreme Court and judges from four provinces to make an in-depth study of the water issue.

Until a new agreement was arrived at, ad-hoc arrangements, already agreed to, should hold good, he maintained.

Syed Ghous Ali Shah took exception to the exploitation of a basically human issue for certain ends and opined that Punjab had over-reacted.

Referring to Mrs Gulzar Unnar's remarks, the chief minister said that Sind's case was based on "truth and justice," and that "doing justice to Sind was equal to doing justice to Pakistan."

Earlier, about a dozen members of Sind Assembly, in addition to Pir Sibghatullah Shah, minister for irrigation, took part in the debate on the two privilege motions. They were Syed Imdad Mohammad Shah, Syed Muzaffar Husain Shah, Mr Masood Ahmad Khuhro, Deputy Speaker Qazi Akhtar Ali, Dr Athar Qureshi, Mr Sher Mohammad Unnar, Mr Liaqat Jatoi, Syed Murad Ali Shah, Mir Hyder Ali Talpur, Syed Koral Shah, Hafiz Mohammad Taqi, Mr Abdul Khaliq Soomro, Mrs Gulzar Unnar, Mr Abdul Qayyum, Mr Mujahid Baluch and Mr Khuda Dino Chandio.

**Shortage Artificial:** Pir Sibghatullah Shah said in his speech that the water shortage in Sind was artificial, and had been deliberately created by the Punjab. He alleged that water in Punjab had been wasted, as it had been given in excess to other canals to the exclusion of Trimmu head-works.

He regretted that Sind's demand for water supplies from Mangla was not accepted at a time when Sind was receiving 40 percent less than it required. He charged Punjab with backing out of the 1945, 1972 and 1974 water-sharing agreements between the two provinces.

"If our own experts are not sufficiently competent to arrange a just accord, let foreign consultants be invited to make out a workable arrangement," he suggested.

Syed Imdad Husain Shah charged certain vested interests with maligning the civilian government in a bid to justify the continuation of martial law. Referring to the Punjab chief minister's claim that they had control over the head works, Mr Imdad said: "We have Karachi Port in our province."

Kazi Akhtar Ali said the issue should be settled on the basis of "right and not might." Had Mangla water been released, there would have been no water crisis at all.

Mr Salim Jan Mazari and Sardar Muqeem Khan Khoso, speaking on their privilege motions, said that Sind's basic rights had been "breached with Punjab's one-sided approach."

Syed Muzaffar Husain Shah suggested that the chief ministers of Punjab and Sind should present their cases either before the National Assembly, the president, or the prime minister for a decision on the issue.

**National Issue:** Mr Athar Qureshi said that the water problem was a national issue and should therefore be solved in a "national spirit." All talks in and out of the assemblies smacked of immaturity of mind and was a corollary to the non-party system enforced in the country, he opined.

Mr Murad Ali Shah said the ad-hoc arrangements on water distribution did not mean that Punjab had secured permanent rights for itself.

Mr Liaqat Jatoi said that wheat prices had risen in view of the water scarcity in Sind. An internal problem which can be solved satisfactorily should not be allowed to get out of control to the extent that Pakistan became a laughing stock in international forums, he cautioned.

Mrs Gulzar Unnar, urging a firm stand on a matter that meant "life-and-death" for Sind--that is, potable and irrigation water--said that the "imbecile government of Sind should wake up." She, however, withdrew her remarks when members protested.

Turning to Irrigation Minister Pir Sibghatullah Shah, against whom she had contested in provincial elections, Mrs Gulzar Unnar asked him to resign on the water issue. The House burst into laughter when the young Pir retorted: "You may not find a better Irrigation Minister."

Syed Koral Shah, Hafiz Mohammad Taqi, Mir Hyder Talpur and others warned against the "negative and loose talk" by responsible government leaders, saying it would strengthen the hands of anti-Pakistan elements.

**Morning Session:** On Tuesday morning, Chief Minister Syed Ghous Ali Shah reiterated his earlier statement that the Chashma-Jhelum link canal had been reopened "unilaterally, without consulting the Sind government." Had the reopening been delayed another two days, while holding consultations with the Sind government, the storage capacity of water in the Chashma reservoir would have become stable, he maintained.

The chief minister was speaking on two privilege motions tabled by MPAs Sardar Muqueem Khan Khuso and Mr Salim Jan Mazari on the Indus water issue in Sind Assembly on Tuesday. The motions were deferred by the Speaker, Mr Abdullah Hussain Haroon, on Monday to allow the chief minister to listen to the debate and make a policy statement.

After the chief minister's speech, members insisted on a debate to which the Speaker agreed. He announced that the House would resume its session in the afternoon, adding that the chief minister might wish to wind up the general discussion.

Syed Ghous Ali Shah said amidst thumping of desks that "unilateral reopening" of the link canal had been resorted to in clear violation of the 1972 ad-hoc accord whereby it was made obligatory for Sind to be consulted by the federal or the Punjab government before the canal could be reopened. The agreement had been signed by Mr Abdul Hafeez Pirzada, then chairman of the Inter-Provincial Coordination Council, on behalf of the federal government; Mr Ghulam Mustafa Khar, chief minister of the Punjab, on behalf of the Punjab government; and by Mr Mumtaz Ali Bhutto, chief minister of Sind, on behalf of the Sind government.

Arbitration: Syed Ghous Ali Shah said that, if necessary, he was willing to submit to arbitration on the Indus water distribution issue. "Let the arbitrator be either a nominee of the federal government or from either the NWFP or Baluchistan, and let Sind and Punjab present their respective cases before him," he suggested.

The chief minister claimed that irrigation water was being made available to the Punjab with just a marginal shortage of 10 percent, and that the overall scarcity was not shared equally by Punjab and Sind.

Until June 2 last, he explained, Punjab had been drawing 90 percent of its share of water, while Sind was getting only 60 percent of its share.

The chief minister denied reports circulated by certain circles in the Punjab suggesting that irrigation water in Sind had been wasted in maintaining Shikargahs, or that it had gone down the drain into the sea.

He referred to the latest visit to Kotri Barrage by Mr Dost Mohammad Awan, president of Anjuman-i-Kashtkaran-i-Pakistan, who was satisfied by the arrangements made by the Sind authorities. Besides, he contended, breaches in Sind canals did not occur due to excess water, but because of the scarcity of water.

"All parts of Pakistan are dear to us, and we would never wish to harm their interests. At the same time, we wish to receive what is our due, and will not countenance any injustice done to our legitimate interests," the chief minister declared.

He said with perceptible passion that Sind, being at the tail end in receiving water supplies from the upcountry, expected more generous treatment.

Sind has consistently stood for national unity and integrity and had made creditable contributions to the cause of Pakistan, Syed Ghous Ali Shah stated, adding: "If necessary, I am prepared to go to Mochi Gate (Lahore) to convince My Punjabi brethren, and I am sure they will be convinced of the righteousness of our (Sind's) case."

The chief minister regretted that the language used in the Punjab Assembly against him was "cheap," but appealed to fellow-members of the Sind Assembly to avoid making direct references of a personal nature against anyone.

"I advise you to avoid recrimination, because the stand we have taken is a principled one, and not based on personal considerations at all," he declared. Wherever in Pakistan a crisis occurs, too, because "Pakistan belongs to all of us, and we all belong to it," Ghous Ali Shah said amidst loud applause.

Meeting With Nawaz: Chief Minister Syed Ghous Ali Shah on Tuesday hinted at the possibility of a meeting with the Punjab chief minister on the water issue (PPI reported).

Talking informally to newsmen at an Iftar-cum-dinner hosted in his honour by Sind Communications Minister Mr Aijaz Ali Talpur at the Sind Club, the Sind chief minister said that he had had a number of meetings with Mr Nawaz Sharif in the past. If a meeting was proposed between him and the Punjab chief minister, "I will love to meet him," he remarked.

'End to Ill Will' Urged

Karachi DAWN in English 12 Jun 85 p 1

[Text]

LAHORE, June 11: Mian Nawaz Sharif, the Punjab Chief Minister, has urged the people of Sind to exercise restraint and consideration, as "Pakistan belongs to all of us." In a statement here Tuesday, he expressed hope that, with this statement all the heat being generated would be brought to an end.

Following is the text of the Chief Minister's statement:

"It pains me to know that my press statement of June 8 is being misinterpreted and misconstrued to create misunderstanding between Sind and the Punjab. In any case, after my respected friend, Syed Ghous Ali Shah, Chief Minister, Sind, had stated on June 9 that his statement in the Sind Assembly had been twisted by the press, I was more than happy. With the opening of the Chashma-Jhelum canal, I thought any misunderstanding that might have been created, should have been washed away. However, some elements seem to be bent upon making political capital out of my innocent statement of June 8. Such insinuations are being attached to that statement, and such meanings are being put to words which were never meant to be conveyed. Since the matter is being blown out of proportion, I feel it expedient to narrate the events leading to my statement.

"Besides many other statements made by the irrigation minister for Sind, his statement of June 6 was very significant. In that statement he is reported to have categorically stated that the Chashma-Jhelum canal would not be opened until the Chief Minister of Sind so permits.

This was followed by a statement of the Chief Minister of Sind himself, as reported in the press on June 7, in which he had said that the Chashma-Jhelum canal would not be opened until the requirements of Sind were fully met; that the members of the Punjab provincial assembly could please themselves by resigning from the assembly, but the canal shall not be opened. It is amazing that at that point of time there were no 'counselors' to counsel moderation, when such statements were being made.

"I leave it to the political leadership and intelligentsia to imagine what public pressure such statements must have put on me. I was already being accused of having bargained on the rights of the Punjab. I was being accused of having compromised on principles. Whereas the Sind ministers were assuring their people that they will get their full share of water and that the Chashma-Jhelum canal would not be opened without their permission, I could only offer my people, silence, solace and prayers. I advised them to have faith in the sense of justice of our federal government and the brotherly feelings of the Government of Sind. I am on record as having said this, even when no agreements were being reached in various meetings. I counselled patience and put up a smiling face. But these two categorical statements on the floor of the House of the Sind provincial assembly by the irrigation minister and the chief minister in succession left me no choice except to make my people know of my stand. Yet, I did not do so on the floor of the House.

"In my Press statement of June 8, the emphasis was also on brotherly feelings, so that no ill-will was created amongst brothers, and on the judicious solution of the problem by the federal government. When I was questioned as to how the Sind government controlled the Chashma-Jhelum canal, which was in the Punjab, my answer was that it would be controlled either by the federal government or by the government of the Punjab. I did not say, as others did, that it would be opened and closed under the orders of a particular chief minister. It is on record that during my speech in the provincial assembly on June 9 I again emphasised the brotherly feelings and higher national interests. As for abiding by inter-provincial agreements, the reference obviously was to the ad-hoc agreements which were valid only for a particular year. I refused to even divulge the name of the person who may have signed the agreement from the Punjab. It is

not in me to raise passions or to indulge in mud-slinging. I am more than conscious of the Punjab being the largest province and of my role as the 'youngest' elder brother. I have a feeling that the people who are talking about my statement have either not read it carefully, or read it without reference to the context, or are using it as a political lever. A venerable member from Sind, after thoroughly misquoting my statement, is reported to have demanded in the National Assembly that I be brought in chains before that august body to explain my conduct. I respect him.

"In the end, let me assure my brethren from Sind that should their canals ever go dry, the Punjab will irrigate their lands with their blood. This I mean and it is no slogan-mongering. But all I beg of them, in return, is restraint and consideration, and to remember that Pakistan belongs to all of us and we all benefit from it. Nobody has flown out of window. I hope that this will put an end to all the heat being generated."

CSO: 4600/479

- END -